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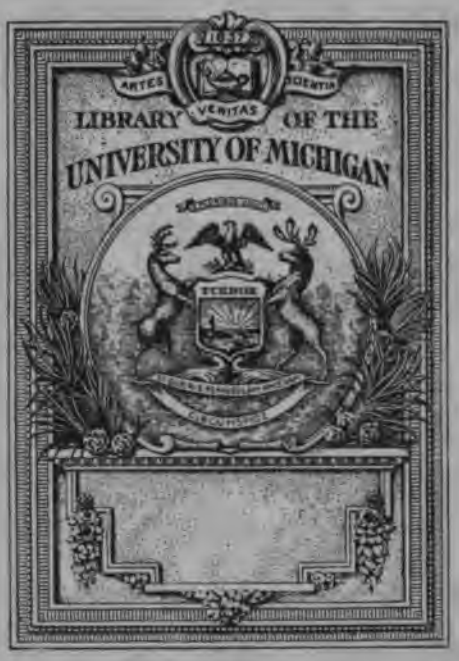

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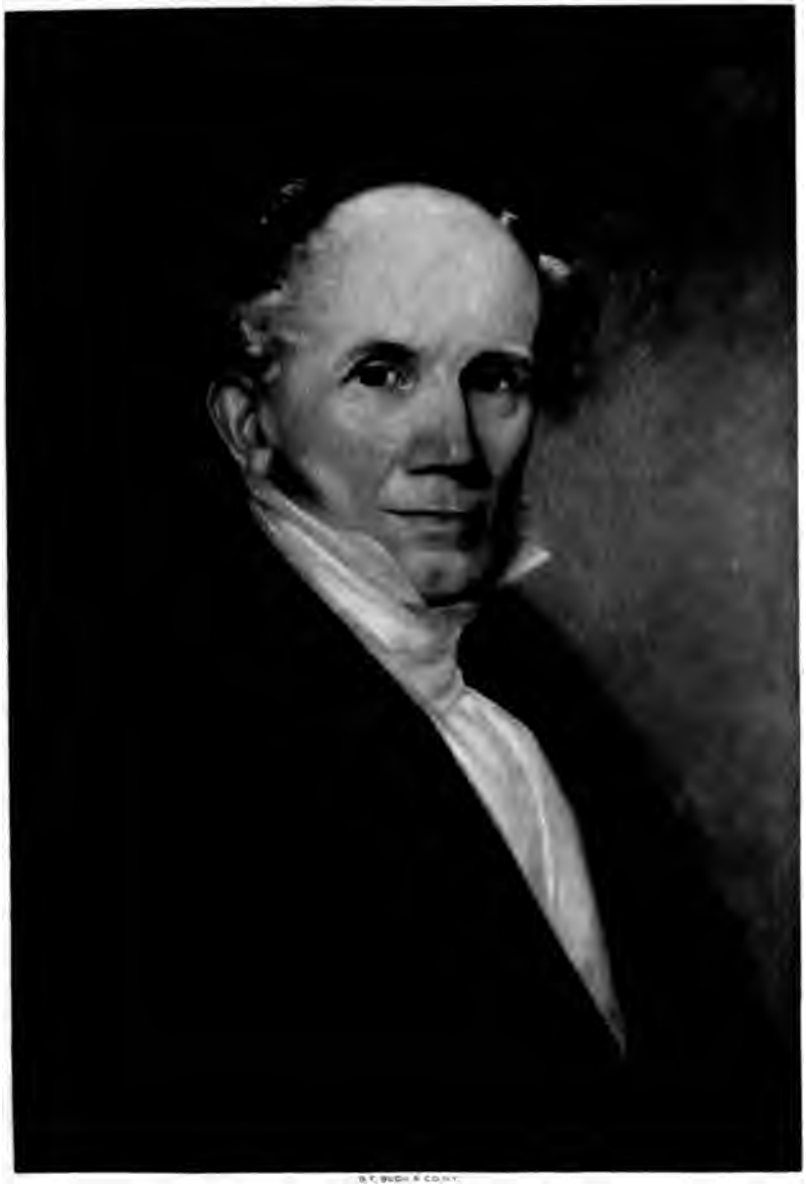

Conde Raguet (1784-1842)

Founder of the Philadelphia Saving Fund Society, the First Savings Bank to Open its doors in the Western Hemisphere

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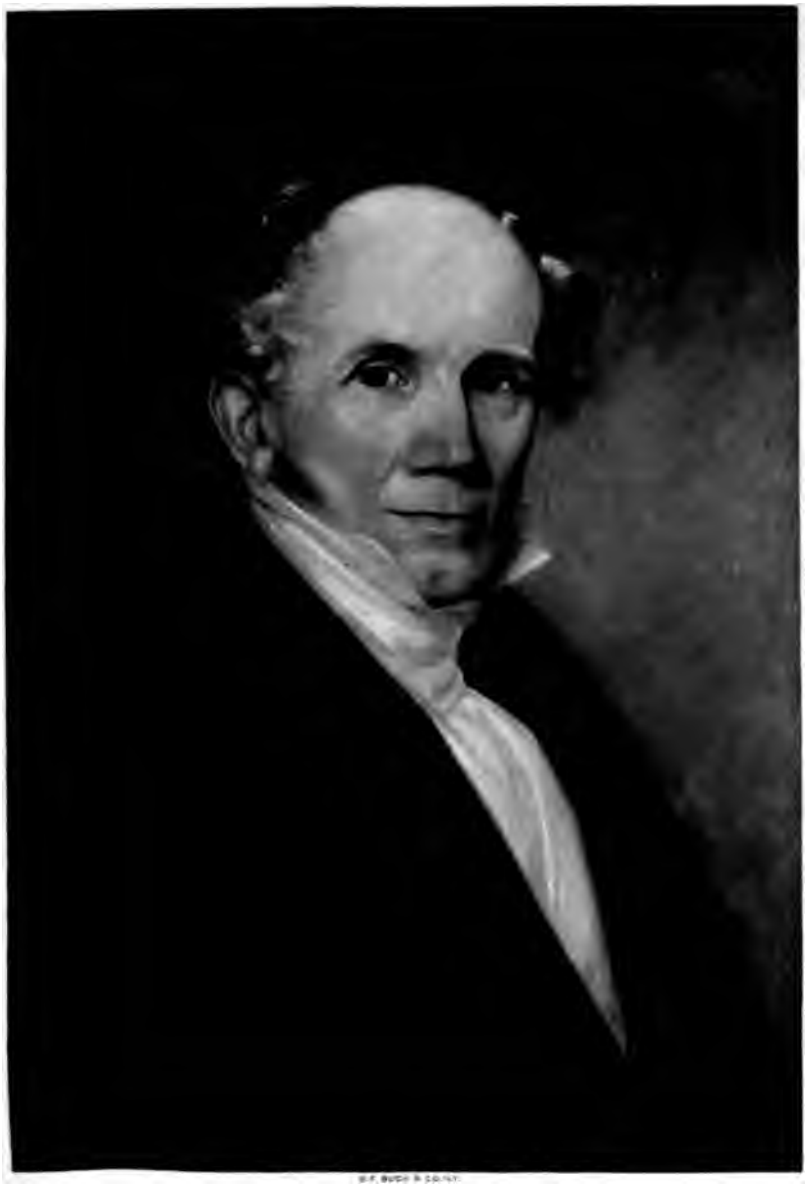

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CENTURY OF AMERICAN SAVINGS BANKS

Published Under the Auspices of THE SAVINGS BANKS ASSOCIATION OF THE STATE OF NEW YORK in Commemoration of the Centenary of Savings Banks in America

RETROSPECTIVE-PROSPECTIVE

BY

JAMES HILTON MANNING

President of the Savings Banks Association of the State of New York May 21, 1914 to May 18, 1916; Vice-President for New York State of the Savings Bank Section of the American Bankers Association 1915-1916

"Save and teach all you are interested in to save; thus pave the way to moral and material success."
THOMAS JEFFERSON

NEW YORK
B. F. BUCK & COMPANY
160 FIFTH AVENUE
1917

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FOREWORD

The preparation and publication of this work grew out of the desire on the part of the Savings Banks of the State, and more especially the Savings Banks Association of the State of New York (of which the author had the honor to be president from May 21, 1914, to May 18, 1916), to make suitable permanent record of the celebration of the Centenary of American Savings Banks.

That celebration was held in connection with the twenty-third annual convention of the Association in the city of New York, May 17 and 18, 1916. It was an ever-memorable occasion in the history of Savings Banks in the United States, attended by more than five hundred representatives of this great interest from all parts of the country, more especially from New England and the East. Unfortunately, the clamant demands of the war prevented the attendance of delegates from European countries, but they were present in thought and spirit, as their most cordial letters, written amidst all the dangers and distractions of soul-harrowing times and printed in the chapter on the celebration, clearly show.

Originally conceived as a small pamphlet to contain the proceedings of the celebration, the work has gradually grown to the proportions of a two-volume edition, embracing in its scope the rise of Savings Banks in Europe and America, a history of each of the so-called pioneer banks of the United States, School and Postal Savings Banks, the Thrift Movement in America, etc., besides numerous chapters of a practical nature on the management of these institutions of the people. In addition to this there is presented an authentic history of each of the 141 Savings Banks in the State of New York, written from first-hand information obtained especially for this work. This proved

a very arduous task, one which the author believes was never before undertaken. That it may be found not merely interesting but useful, both historically and as an incentive to still greater efforts in behalf of our splendid system of Mutual Savings Banks, is the sincere wish of the author.

So many-sided was the subject seen to be and so voluminous the material collected, that all the arts of condensation necessarily were employed to reduce the work even to its present limits. It would have been easily possible to expand it into several volumes, instead of two, and then not do the subject full justice. This is said for the special information of those who may have contributed material which has not been included, and those, if any there be, who are inclined to the belief that their own particular institution has not been given due prominence.

In another aspect the occasion was seen to be of unique importance. That the marking of this anniversary of the establishment of the first Savings Bank in America could be made to give the Thrift Movement in this country a most powerful impetus—an impetus that should be felt long after the incidents of the celebration had been forgotten —was unquestionable. That such impetus was needed no one who has even superficially studied the conditions and possibilities of this wonderful country of ours for a moment doubted; for while the figures collected and marshaled in this work are truly stupendous in the aggregate, probably few will have the temerity to claim that the people of the United States have become really thrifty, or that much more than a good start has been made in that direction.

With wise economy and prudence in expenditure, such as is exhibited for example by the little republic of Switzerland, or the wonderful people of France, we should soon become *facile princeps* in respect of accumulated savings per capita of population, as well as in the sum total. That such may be the final outcome of the present Thrift Movement, is the sincere hope of every well-wisher of his country.

But it is impossible to write the history of Savings Banks, either individually or in the aggregate, wholly in figures.

The good they do in the communities where they exist is immeasurably greater than the grand total of the dollars which they guard and invest with such splendid efficiency. As was admirably said on the occasion of the semi-centennial of the Dime Savings Bank of Williamsburgh:

"In this respect no other commercial enterprise is comparable to the Savings Bank. It is as much a necessity in a community as is the church, the library and the hospital, and usually it will be found that the men who organize and serve as trustees of Savings Banks are the same who, in their localities, are active in all charitable and semi-charitable endeavors. To be a trustee of a Savings Bank is a distinct honor and to which the best citizens of the community may justly aspire."

This, to some extent, explains why prominent and busy men-of-affairs in all the leading communities are willing to give up so much of their time and thought to the management of these institutions of the people.

So long as this remains true, their perpetuity is assured.

The author desires to make grateful acknowledgment of the loyal coöperation of his brother officers in the arduous labor of collecting the necessary material for this history; without that coöperation his efforts necessarily would have been in vain. Special acknowledgment should also be made of the valuable assistance given by Hon. Clark Williams, Charles A. Miller, Charles J. Hailes, Kenneth G. White, John J. Pulleyn, Horace Anderson, Howard F. Beebe, John Harsen Rhoades, Benjamin F. Buck.

The paucity of material pertaining to so vast and important a subject as Savings Banks has been remarked upon by more than one writer. That the present work may prove a welcome and to some extent valuable addition to the literature of the subject, is the sincere hope of

THE AUTHOR.

Albany, New York, December 30, 1916.

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CENTURY OF AMERICAN SAVINGS BANKS

CHAPTER I

A CENTURY OF THRIFT IN AMERICA

Importance of the Event Celebrated by the Savings Banks of the Country—The Great Lever That Has Lifted Struggling Humanity out of the Depths—Former Dependents of Society Now the World's Potential Capitalists—New York Rightly Proud of Its Pre-eminence—Reasons Why the Thrift Movement in the United States Should Be Encouraged.

IT has long been a worldwide custom, both pleasant and profitable, for all right-minded individuals to pause in their several vocations at the close of each succeeding year and look back over what has been accomplished—pleasant, because the season is universally regarded as peculiarly dedicated to the spread of the gospel of goodwill; profitable, because it is by studying the experiences of the past that we learn to avoid mistakes in the future. It is in such spirit that the Centenary of Savings Banks in the United States is celebrated.

If the end of a twelvemonth is thus decreed by custom as the proper time for introspection and retrospection, how much more is the close of a century to be regarded as a fitting opportunity to take stock of progress, to ascertain what has been accomplished and to resolve, so far as in us lies, to eliminate the failures and shortcomings of the past!

A century of American Savings Banks! Could there be a subject more pregnant, a topic more attractive, a theme more inspiring? One hundred years ago, a tiny weakling, appealing to a cold, unsympathetic world for sustenance

lest it perish—to-day, a Colossus, astride the financial world, one foot upon Poverty, the other upon Despair; the right hand scattering blessings untold upon poor, struggling humanity, the left hand holding high the blazing STAR OF HOPE!

Properly to estimate the good these institutions have accomplished in the century of their existence were much the same as attempting to disclose the subtle alchemy of the sunbeam, or to describe the gorgeous tints of the rainbow. Truth to say, Savings Banks exercise much the same influence upon a community that sunbeams do upon the earth, dispelling gloom and despair and giving in their place hope and happiness. The mental, moral and physical uplift of these institutions truly is incalculable; and yet, a century ago, there were none in this great land of ours, and the older countries of Europe were just crystallizing the epoch-making idea into results. Crude as these were, they soon sufficed to prove beyond doubt that, at last, the world was on the right track and that the rest was merely a matter of nurture and growth. How astounding that growth has been will be shown in some detail in these pages.

PAUPERISM VERSUS SELF-RESPECT

"The poor you have always with you," said the Divine Master, a sad truth which nearly two thousand years have served to emphasize. All social philosophy has long agreed that the poor could not be patronized and coddled without the inevitable result of lapsing into pauperism. For how many centuries the civilized world continued to grope for the true solution of the problem of Poverty history only faintly records. Man's ambition, greed and selfishness on the one hand, and his thoughtlessness, waste and bestiality, on the other, have made the problem wellnigh insoluble.

And yet much—very much—has been done to improve the condition of the poor, the shiftless and the unfortunate, and in this regenerating process the Savings Bank has proved the great lever that for a century has been slowly

but surely lifting humanity out of the Slough of Despond into a clearer, purer atmosphere of contentment and happiness. It has made possible the bridging over of the rough places; it has conserved energy, built up innumerable happy homes, deprived ill-fortune of its sting; erected unnumbered hives of human industry that have kept the artisan busy and filled his dinnerpail; built schoolhouses and roads, inculcated habits of economy, providence, forethought—in a word—THRIFT. And all this has been done—at least, by the Mutual Savings Banks of the land—without money and without price. *In other words, these institutions have cost their depositors nothing beyond the legitimate running expenses.* They have made the lives of generations past, as they will make the lives of countless generations to come, brighter, better, happier; they have aided incalculably in producing a nobler manhood and a sweeter womanhood.

Those pioneers who founded the first Savings Banks in America builded better than they knew; they made all succeeding generations their everlasting debtors. At one master-stroke, they gave poverty a blow more deadly and struggling humanity an uplift more potent than anything to be found in the history of recorded time.

A MODERN MIRACLE

For it is one of the marvels of all the ages that this single institution has actually changed the once miserable dependents of society into self-reliant, self-respecting citizens, the real bone and sinew of the land; that it has transformed the former paupers of all lands, who were content to seek even the crumbs that fell from their masters' tables, into its real capitalists, the product of whose industry and self-denial has built and is building our homes, our schools, our factories, our ships, our roads, our bridges, our railroads, our canals.

If this is not regarded as a modern miracle, it is because familiarity has dulled our sense of perception and we are unable to see things in their true relations.

One's imagination is taxed to comprehend, even faintly, the magnitude of the Savings Bank interest in the State of New York, to say nothing of the country at large. The Empire State has a right to be proud of its savings institutions, for it has the greatest system of Mutual Savings Banks to be found anywhere in the world. It has a right to be proud of the men who have unselfishly given so much of their valuable time to the upbuilding and maintenance of this system, which gathers and cares for the "gleanings from the harvest fields of toil."

When Gov. DeWitt Clinton, in his message to the Legislature of the State of New York in the year 1818, recommended the establishment of Savings Institutions to relieve the existing pauperism and destitution of the masses, and when the Legislature in reply declared the suggestion highly commendable and authorized the creation of the first Savings Bank in the State (The Bank for Savings in the City of New York), it was little dreamed that therein lay the nucleus of a potential force for universal good, which should make the Savings Bank stand out on this its Centennial Anniversary as the benefactor of more than three millions of people in New York State alone, representing total deposits of nearly *two billions of dollars,* while, throughout the United States the good work has so far progressed that eleven millions of people (one in every ten of the population), have formed habits of thrift to such an extent that their deposits in Mutual and Stock Savings Banks represent nearly five billions of money.

The Mutual Savings Bank system as we view it to-day is the result of one hundred years of corrective legislation; it is closely identified with the moral and material interests of every citizen of the State; it is the most important part of the credit fabric of the Commonwealth.

THE REAL MEASURE OF THRIFT

There were in the State of New York at the close of the year 1915, 3,243,362 depositors in 140 Mutual Savings Banks, owning $1,819,206,937.91, an average to each de-

positor of $560.90.[1] New York has nearly 45 per cent. of all the savings deposits throughout the country!

These figures, it should be remembered, include only savings deposits in Savings Banks and take no note of interest departments in National Banks and other financial institutions. According to the latest available figures furnished by the Comptroller of the Currency, there are over three million savings accounts in such institutions. The greater part of all the savings deposits in Chicago is held by the loan and trust companies. The amount of savings deposits in the country is shown to be over seven billions of dollars, while the number of savings depositors or savings accounts must reach no less than seventeen millions. This is a much greater amount of savings deposits than in any other country, while only Germany and Japan can show a greater number of savings depositors or savings accounts. There should also be added to this vast total the assets of the life insurance companies, for these are in a sense savings institutions of the most practical and valuable kind.

Besides, as the editor of the *Saturday Evening Post,* of Philadelphia, has pointed out, savings deposits are by no means a trustworthy index to thrift. France is generally conceded to be the thriftiest nation in the world, yet its savings deposits are only one-quarter of those of Germany. A thrifty Frenchman saves a few hundred francs, then invests them in a good, safe bond. It is a gratifying sign of the times that this wise and sound policy is being more and more pursued in this country by the advice and coöperation of prominent bankers in many of the leading cities. It is also to be remembered that many thousands of thrifty agriculturists put their savings into land and livestock, so that the true measure of thrift in the United States, as well as in Europe, is never accurately stated or measured.

Nowhere will it be denied that the Savings Bank has more than justified the hopes of its founders in its adapta-

[1] The number of Savings Banks in the State of New York was increased to 141 early in the year 1916. This is the first Savings Bank authorized in the State since 1910.

tion to the purposes for which it was designed, or that it has, during the first century of its existence in this country, made for itself and for humanity a record so wonderful in the aggregate as to be almost beyond belief. When we examine these results, how feeble and paltry in comparison must have been the accomplishments of any merely charitable or eleemosynary institution, however great, well-conceived or admirably administered!

That Savings Banks are the safest institutions in the world is not merely a statement, but is easily susceptible of proof. Statistics recently obtained in this country show that the total liabilities of failed Savings Banks, in proportions to the aggregate deposits of all such banks, is only about six ten-thousandths of 1 per cent. (0.0006 per cent.). And if we deduct the amount realized on the assets of those few unfortunate or badly managed institutions the actual losses to depositors are almost infinitesimal.

It is also highly gratifying to know that the cost of conducting the Savings Banks of the State of New York is less than $3 per thousand dollars of resources. Neither greed nor graft has ever yet had a place in them. May this be true so long as they shall endure!

NEW YORK'S SPLENDID SYSTEM

Happily, we have never lost sight of the theory of the State which wisely created and fosters the system, viz.: that their primary purpose is the establishment of absolutely safe depositories for the accumulations of the working classes, and that profit always must be a secondary consideration. In pursuance of this plan, every safeguard which experience could suggest or skill and foresight devise has been provided. And yet it is true that the most perfect system ever devised by the wit of man, in the last analysis must rest upon the integrity and vigilance of those earnest, philanthropic men who, without hope of reward, have organized and consistently stood behind these bulwarks of the working classes. Without doubt, they have been constantly sobered by the knowledge, never for a mo-

ment lost sight of, that these vast sums entrusted to their care, represent the strength, the vigor, the toil—the very life—of these men and women, to be held in trust perhaps until

> Wasting age and wearying strife
> Have sapped the leaning walls of life,

and it becomes necessary for them to draw upon their accumulations.

New York, being thus rightfully proud of the preëminence of its Savings Banks, very properly has taken the initiative in the celebration of this Centenary. The interesting—one might almost say, fascinating—story will be told with strict adherence to the truth of history, and in the light of all the facts which diligent research has been able to discover.

It is proper here to remark that in other States outside of New England and the East, where Savings Banks never have succeeded in gaining a firm foothold, it will be found that building and loan associations and other similar institutions are supplying their place, not only in providing assistance to those in moderate circumstances who are trying to own their own homes, but furnishing a very profitable and convenient method of investing surplus funds. And while there have been many failures of these institutions in some of the States, it is gratifying to know that they are gradually being placed under more stringent regulations and that their management is unquestionably improving.[1]

In explanation of the fact that considerably more than one-third of the Savings Banks deposits of the country are to be found in New York State and nearly one-fifth in Massachusetts, it may be said that there is a sentiment throughout the West that "interested beneficence is better than disinterested beneficence"; and yet it is indisputably true that many of the strongest Savings Banks in this country and in the world are these same Mutual banks, of

[1] According to the report of the Superintendent of the Banking Department of the State of New York for 1916, there were 215 savings and loan associations scattered over forty-seven of its sixty-two counties.

which New York and Massachusetts are so justly proud. In the matter of failures, at least, "disinterested beneficence" seems to have much the better of the argument, and if the same class of men in America and Europe continue to give their thought and time to the safeguarding of these "granaries of the poor," there need be no fears for the future.

THE FOLLY OF RECKLESS WASTE

With all this unstinted praise of the Savings Bank system as we find it to-day, it must be conceded that, judged by the test of ratio of accounts to total of population, the system does not prove wholly satisfactory, for while the New England States show one account to two of population, the Western States show only one to about 18, the Middle States one to 48, and the Southern States one to 406! This is a condition which has long been known and recognized by thoughtful men, and at last something is being done to awaken people all over the country to the wickedness and folly of reckless waste. The splendidly organized and systematically promoted campaign inaugurated toward the close of the year 1915, under the auspices of the American Institute of Banking, and the American Bankers Association (Savings Bank Section) to aid in stopping extravagance and inculcating thrift is certain to be productive of good results. Happily, this movement was not rendered necessary by such desperate economic conditions as will confront the warring nations of Europe for many years after the close of hostilities, but it is none the less timely and deserving of support. It was dictated by wise prudence and foresight.

The American people often and openly have been charged with being the most recklessly extravagant of all the races of the earth, and doubtless, there is some basis of truth in the assertion. Realizing this, the great banking organizations of the United States are to be highly commended for taking the initiative in so important a movement.

A financial writer recently showed that if the one hun-

dred millions of people of this republic, during one year, would save per capita only five cents more a day than the year before, the total would reach a sum so great as to be fairly staggering—not less than $1,500,000,000. Of course, no expectation was entertained that they would do this, but the concrete example shows the mighty power of accumulation. Thrift means surplus, and surplus means reserve wealth for the meeting of obligations, be they personal or governmental.

WHAT THE THRIFT MOVEMENT MEANS

During the next ten or fifteen years, the United States will have need to raise vast sums of money, and the greater the reserve wealth of the nation, the easier will be the Government's stupendous tasks. With the proper effort, this THRIFT MOVEMENT is certain to bring also to our own people, as it will to the whole world, a more or less adequate realization of the mighty resources of the United States and the capacity of its people, when once they are aroused, to accomplish any given task.

All sorts of dire predictions have been made as to what the future has in store for the United States, and while it is unnecessary to be either a confirmed pessimist or a too-hopeful optimist, no matter what may be our lot, whether it be in the pleasant paths of peace or in the stirring scenes of war with ruthless invaders of our soil, let it be ever remembered that the results will be measured and governed to a very large extent, aside from the valor of the troops, not by the number or amount of bonds which the nation might issue—for unless the bonds were salable they would be worthless—but by the aggregate of the people's savings.

The country, at the opening of the year 1916, found itself facing the greatest period of prosperity in its history. As one of the results of the awful world-war that has devastated the principal countries of the Old World, this nation has been paying off its outside indebtedness in a manner wholly unparalleled in its history. In order to supply some small part of the fearful waste, and to continue the

titanic struggle, the leading countries of Europe have been liquidating their holdings of American securities, representing their contributions to our rapid material development, to an extent never believed possible by our wisest statesmen and financiers; however, the wonderful stimulus given to our industries while those across the ocean—except the manufacture of death-dealing instrumentalities—were paralyzed, has given us a capacity for absorption of this flood of securities never deemed possible. It is the testimony of experts that the ordinarily difficult and painful adjustments to new conditions created by the war have been accomplished with unexpected ease. In truth, we are being enriched beyond the dreams of avarice.

It is the opinion of some of the wisest observers that our prosperity, contrary to the view held in many quarters, is not dependent upon the war; that while the conditions attendant upon the war stimulated, they did not create the forces making for all this great activity in this country. However that may be, the prosperity is here and we are literally rolling in wealth.[1] What effect the ending of the war may exert upon this country, none is wise enough to foresee, but it appears to be the best opinion that not upon its continuance hangs the fate of our trade at home and abroad, "but rather upon our own industry, our foresight and our willingness to coöperate to the end that the opportunity which is now afforded us, the greatest ever offered to the people of any country, may be profited by to the full."

But along with all this prosperity, present and prospective, come great obligations. While America faces a future that is simply amazing in its possibilities, that very fact should serve to sober and strengthen its people, should cause

[1] Wall Street finds interest in the Paris *Temps's* contrast of this country's financial position before the war and now. That journal says: "Then the United States was sending to Europe from $200,000,000 to $300,000,000 in interest on its borrowings, $150,000,000 to $200,000,000 spent by tourists, $100,000,000 to $150,000,000 to expatriates and $20,000,000 to $40,000,000 in ocean freights. Since the war the United States has imported $730,000,000 in gold and has paid back a considerable amount of its previous borrowings, increased its foreign trade by $2,250,000,000 yearly and loaned to foreign countries $1,470,000,000, so that the American dollar now has replaced to a considerable extent the old sovereignty of the English pound abroad."

a general realization of the duties and obligations of the situation.

NEW CAPITAL THE ONE IMPERATIVE NEED

It will hardly be denied anywhere that the great—the imperative—need of the United States to-day is the creation of new capital. It is equally true that no nation ever reached greatness without having learned the art of accumulation.

Capital is the margin between income and outgo. It represents two things—labor and self-denial. The more universal the practice of these virtues, together with those of frugality, prudence and temperance, the greater will any nation become. It is by means of these that man has lifted himself above the brutes. Moreover, all this new capital, of which the United States will soon be in great need, not only for the development of natural resources but in the carrying out of the "preparedness" program upon which we are entering, will have to be obtained from within, for Europe will have all it can do for many, many years to come to make good the ravages of the awful conflict it has been so ruthlessly waging for so many weary months.

For many years we have been so engrossed—obsessed—with the craze for money-making that, apparently, it has required the frightful cataclysm of this world-war to bring us to a realization of our abject, pitiful weakness, in a military sense, and our imperative need of national defense.

But now, it seems, we are awake and eager, not for any participation in war but to make successful interference with the processes of our moral and material development along the lines we have chosen impossible should any nation, however powerful, dare attempt it. On every hand there are unmistakable evidences that we are determined no ruthless invader shall overrun our fair land and compel tribute to its greed for gold—for it is unthinkable that any nation, however rash, would ever dream of permanent occupation of any part of our territory. Our Government, in order to carry out any program that meets the sanction

of the people, will have need for stupendous sums of money, and this money will have to come from the ordinary people, the common people, the great middle class—it will not come from the great capitalists.

Secretary of Commerce Redfield said recently:

> We have for the first time in our history, a sound system of finance. In this respect our preparedness is complete. Our finances can be mobilized on demand to meet the needs of trade. Enterprises and investment may move with a certitude never before known as regards our financial system. We hold the greatest gold reserve of history. Whether we shall remain in the first place depends upon the vision and energy of our bankers, manufacturers, merchants and farmers.

This is to a certain extent true, but the Secretary might have added a still more important factor in the problem, and that is the aggregate of our savings. No great preparedness program can ever be fully realized unless and until the whole people of this country learn the lesson of thrift which a part have already learned. The New England and Eastern States have long shown the way, and it is high time that the Middle West, the West and the South fell into line and began to do their share in swelling the accumulated capital of the nation to proportions commensurate with their earning and saving power. As the really important thing with the individual is not what he earns but what he saves, so the vital thing with a nation is the amount of its available liquid capital. Without national thrift, all the efforts of our bankers, manufacturers, merchants and farmers will be of little avail.

At the same time, the need of naval and military defense is fully as great. It is a fact beyond dispute that most modern wars have arisen from commercial jealousies; the present colossal struggle in which Europe is engaged is the most recent and the most frightful example. The United States sees its opportunity and is now seeking to obtain the world's trade. Can any one doubt that, as soon as hostilities cease, there will come the most drastic commercial adjustment, the fiercest struggles and the most dangerous rivalries ever known, or that the United States will be the

storm center of these disturbances? What should be said of us if we fail to guard against these dangers while yet there is time?

These are the wise words of the Navy League of the United States:

> Nations are not always just and fair; consequently, we have had one foreign war in every thirty-five years of our national existence. Other wars are, to say the least, probable. We hope for universal peace—sometime. But we don't expect the millennium to come during our time. *Therefore, we want to keep our powder dry.*

STOP THE WASTE IN AMERICA!

We may not be privileged to do anything toward stopping the fearful waste in Europe, but we can do much to stop the waste in America. From now on, economy must be the watchword—wise economy, thrift—not miserliness—Governmental, State, municipal, individual. English money, French money, German money, Dutch money built many of our railroads. American money will have to build our battleships, our aëroplanes, our submarines, our munition factories, our ordnance.

While we are rejoicing at the return of "good times," we must not lose sight of the fact that with this wonderful prosperity has come higher and still higher cost of necessities, which further emphasizes the need for careful buying, for wise husbanding, for *systematic saving,* for conservation of resources too long wasted with carelessness bordering upon criminal.

In this vital work every individual citizen—every man, woman and child in the republic—can play his part, for it is by the combination of innumerable little economies that the grand result will be achieved, just as many rivulets form rivers and many rivers flow into the sea. Happy the nation that has for its watchword the magic little word—THRIFT! Then brightly will dawn the new century of Savings Banks in America, bright not only in material progress but in the priceless blessings of liberty and justice, equality and fraternity, peace and prosperity. These,

spreading abroad their benign influence, will make us a still greater nation, not merely in a material sense, but broad of vision, high of courage, generous of heart, noble of impulse.

As we look forward at the beginning of the second century of Savings Banks in the United States, what emotions, what hopes, what aspirations must stir the thoughtful, and what fears, perhaps, may temporarily overcome us!

Are we not saddened inexpressibly by the thought that none now living—or practically none—will be here to celebrate another similar event? All will have been gathered to their fathers,

> Each in his narrow cell forever laid.

If we of the century just passed have been highly favored, what will be the lot of the coming generations? What innovations, what improvements, what progress, what growth will be made? What world-wide changes—economic, social, political—will be witnessed? Will War—hated, wicked, devastating WAR—have been abolished forever and peaceful arbitration substituted in its place? Will the fearful engines of destruction have been turned into plowshares and the swords into pruning-hooks? Will right rule in place of might?

We may all speculate and conjecture, but the power of divination is beyond poor mortals' ken. Let us not seek to disclose what the future has in store, but rather be content to do our part while yet we are here, thoroughly, conscientiously, nobly. The grand result we may safely leave to the divine control and guidance.

Whether the second century of Savings Banks will prove as great in growth, in development, in beneficial results to mankind as the first, none is wise enough to foretell; but let us all be sure that if we have done our individual part, if we have cultivated the spirit of patriotism, of independence, of industry, and have practiced prudence, frugality—THRIFT—we need have no fears as to the results.

CHAPTER II

THE SAVINGS BANK IDEA

Ancient Origin of Banking—Money Not Created by Government, but Regulated by It from Time Immemorial—A Sound Banking System Essential to Stability of Values—The Principle of Saving as Old as History—Savings Banks Defined, Described and Classified—Founded in Philanthropy and Free from Selfishness—Not Investment Institutions but Financial Depositories.

THE origin of Banking extends far back of recorded history to the time of mere tradition. We are told that there was a bank established in ancient Babylon, founded by one Egibi, which existed for many years—604–485—and that it conducted operations "that would have done credit to the Bank of England." There are records of the existence of other very ancient banking institutions.

Banking was well understood in ancient Athens, and while it languished in the Middle Ages, it revived with commerce in general about the middle of the twelfth century. The Bank of Venice dates at least as far back as the year 1157, Genoa, 1345, Barcelona, 1400, Hamburg, 1619, and Amsterdam, 1669. On July 27, 1694, the celebrated William Patterson founded the Bank of England, and the Bank of Scotland followed one year later. The Bank of Vienna dates as far back as 1703, Berlin, 1765, and the United States Bank, 1790, although it was not incorporated until the year 1816.

Money, as we know, was not created by government. Long before any organized system of government existed, the inconvenience of barter caused people to use as a measure of value and a medium of exchange some commodity such as wampum, cattle, silver, gold or other precious metal,

which nearly everybody desired to possess. Any commodity so used was money.[1]

But while money was not created by government, its regulation, from time immemorial, has been one of the most important of the functions of government in all civilized countries. Stability was early seen to be the prime requisite, for if money fluctuated greatly in value no man could tell whether he would lose or gain by any transaction; consequently confidence was destroyed and commerce stagnated. This is why all the leading nations of the world, China alone excepted, have made their silver and paper money redeemable in gold.

Equally essential to prosperity and the stability of values is a sound banking system, for if banks are lacking, or if they do not for any reason command general confidence, the people will hide their money, with the result that those who need to borrow in order to transact their business must pay exorbitant rates of interest, and commerce stagnates.

ORIGIN OF THE MODERN SAVINGS BANK

While the first mention of money-changers is to be found in the Bible, it is a fact that in Greece the temples were the first banks. Delphi and Olympia furnished superior places in the way of security for the deposit of gold and silver, and at the same time, as gathering places of pilgrims and devotees, they gave both useful and profitable occupation to the money-changers.

It is not deemed any part of the plan of this work to trace the rise and development of banking in general; that has been done by some of the world's ablest students of

[1] It is said that in Old Testament times, when the countries bordering on the Nile, the Euphrates and the Tigris rivers were the centers of trade, the Carthaginians were wont to sail along the Mediterranean with boatloads of their manufactures, which they would unload on the coast of Lybia and, having lighted a big bonfire near the goods, return to their ships. The inhabitants, knowing by the bonfire that the Carthaginians had something to sell, would come out of their city to inspect it. Then they would pile up their gold near the merchandise and retire into the city. The Carthaginians would land again, examine the gold, and if in their judgment it was equal in value to the goods they left, they would take it and sail away.

This illustrates at once the ancient plan of barter, and also one of the first advertisements of which history tells us—the Carthaginians' bonfire.

finance. It is with the origin of the modern Savings Bank as we now know it that we are here principally concerned.

The principle of saving is as old as history. The code of Hammurabi, King of Babylonia (2240–2185 B. C.), who was as great in conquests of peace as of war, provided not only for canals to bring in the overflow waters, but also the erection of great granaries for the storing of wheat against periods of famine. In biblical times, Joseph accumulated the corn of Egypt when it was plentiful for the seven lean years that were to follow. Probably the earliest Savings Banks on record were those established by the Roman emperors for the accommodation of their soldiers—Legion Savings Banks they were. It was in the second century after Christ, according to historians, that the humane custom obtained in Rome of permitting slaves to deposit extra earnings in the creation of a fund for the final purchase of their freedom.

Banks have been tersely described as lenders and borrowers, their loanable funds consisting on the one hand of their own capital, and on the other of the deposits entrusted to them. Their principal profits arise from the payment to them of interest on loans.

Another writer has defined banking as "the agency by means of which credit is made to effect the bulk of the operations of production and exchange." [1] In the light of these definitions, Savings Banks, strictly speaking, are not banks at all. They are rather depositories of small savings upon which dividends are declared from time to time in the form of interest earned.

James Henry Hamilton, in his work "Savings and Savings Institutions," thus defines them:

> Savings Banks are institutions established by public authority, or by private persons, in order to encourage habits of saving by affording special security to owners of deposits, and by the payment of interest to the full extent of the net earnings, less whatever reserve the management may deem expedient for a safety fund; and in furtherance of this purpose offices are located at places where they are cal-

[1] Amos K. Fiske, "The Modern Bank," (1915).

culated to encourage savings among those persons who most need such encouragement.

THE SAVINGS BANK MEANS SELF-HELP

The Savings Bank is the direct outgrowth of the idea of philanthropy as applied to the condition of the working classes of the community, those in moderate circumstances who, necessarily or otherwise, live close to the limit of their means, and who, in times of depression, financial panic and lack of business confidence are the first to feel the pinch of privation. It does not seek, according to the ideas prevalent centuries ago, to make these people objects of charity—the very word is hated by the self-respecting poor—but to help them to help themselves. And herein lies its greatest strength and popularity. It makes independent, self-respecting, self-reliant men and women, instead of spineless, purposeless, hopeless dependents. It is the true benefactor of the wage-earner.

The experience of the world in the past century has shown that "the greater the disadvantages under which one starts in life, the higher the value of these virtues for winning the first foothold and taking the first step toward something better. The Savings Bank depositor has been called 'a hero of civilization,' for he is helping in the accumulation of that capital which is the indispensable prerequisite of all we care for and all we want to do here on earth."

Prof. William G. Sumner, of Yale University, has said:

> The Savings Bank depositor, as a type, gives the surest and most concrete evidence of the industrial virtues. He must be industrious, frugal, prudent and temperate. He is a capitalist. He is getting in hand that power which has created and now upholds all civilization. He is winning a share in its power. He is getting the upper hand of the tasks of life. He is fortifying himself against bad luck and disaster. He is developing his own character by the self-denial and the persistent pursuit of a selected purpose which he is obliged to practice. You find nowhere else such guarantees of sound judgment, sober reason, and moderate temper as are offered by the fact of saving. There is no other guarantee of good citizenship which is so simple and positive, and at the same time so far-reaching, as the possession of savings.

It is one of the glories of the Savings Bank that it enlarges the number of capitalists and at the same time reduces the army of possible prodigals, paupers and tramps. By this very act of saving, the saver aligns himself with the conservatives, and as a supporter of an institution that is not only an educator but at the same time a friend of capital, of order and stability, both political and social. To use the language of another:

> While the Savings Bank is not organized to make money it is most profitable in several ways. It accumulates money; it inspires and trains men to get money and to the wise use of it; it spares those who have capital from charges upon it for the support of those who might otherwise become poor; it makes better men and families and better citizens; it adds to the sum of national resources in money and adds to the means of advancement in material improvement. It is thus a many-sided benefaction—to those out of it, as well as to those in it.

It has also been very aptly said that while "the particular function of a commercial bank is to supply funds to carry on the trade and commerce of the country, the particular function of a Savings Bank (aside from the encouragement of thrift), is to supply funds for the improvement and building up of communities and for other legitimate enterprises. The one furnishes credit, the other capital."

The large accumulations of current savings and their purchases of negotiable securities in vast quantities give Savings Bank managers an influence in the money market that is now fully recognized by financiers; they are strong competitors for capital in formation, and are constantly on the lookout for first-class securities, bidding against direct investors.

SAFETY, NOT PROFITS, THE FIRST CONSIDERATION

Savings institutions soon proved their inestimable worth, and the century during which they have carried on their operations has only served to emphasize and magnify their importance. Some one has truly said that it is not in simple human nature to put by a store for the ever-possible

"rainy day." The savage and the child go on in reckless improvidence. They take no thought for the morrow. In this respect they are little better than the lower animals. They need to be taught and trained.

Although Savings Banks frequently are described as charitable institutions, eleemosynary in their character and for the special benefit of the poor, the description is hardly accurate. They are, in fact, benevolent institutions, providing safe depositories for the savings of the thrifty; they are in their nature a public advantage designed to teach correct habits of frugality and forehandedness. Being depositories for savings only, they can do no other business. Each depositor owns individually all that stands to the credit of his account, and all the depositors jointly own the "surplus" and other property. Under the law of the State of New York, the Savings Bank is not a business venture, taking business risks and chances and seeking to make as large profits as possible. On the other hand, it holds the relation of a trustee for its depositors; safety, not profit, is the primary object in its investments. As an illustration, it does not "call" a mortgage in order that it may loan the money to somebody else and profit on the transaction; nor does it buy bonds because they are cheap. Ordinary banks and trust companies are not Savings Banks, and the class of securities in which they may invest their general deposits are not limited by law as are those of the Savings Banks.

"The utility of the Savings Bank to organized society," says Mr. Charles L. Stone, of Syracuse, "is coming to be recognized. Amid the clash of interests everywhere to be found, and the attempts to incite the hostility of labor against capital, as though their interests were always and necessarily antagonistic, amid all the disorganizing and discordant forces at work for the disintegration of society, the Savings Bank offers a constant invitation and encouragement to thrift, economy and the accumulation of the surplus earnings of labor. The accumulations thus encouraged become capital. Capital is always conservative and in favor of stable government. Through the instrumental-

ity of the Savings Bank, any one who in the course of a year may be able to save one hundred dollars or five hundred dollars of the proceeds of his labor, has the opportunity offered for an investment of that sum in securities of the highest order, with the same pro rata advantage from his investment as the large capitalist may receive from an approved investment of his funds; while, at the same time, the depositor's money remains at all times subject to his call."

Always it should be remembered that deposits, instead of being hoarded, are loaned on real estate and invested in bonds, thus not only bringing earnings to the depositors in the form of interest, but helping to build homes and factories and to carry on many other necessary public improvements. In this way—a sort of endless chain—the money finds its way back to the artisan and laborer in the form of work and wages, to be again spent for food, clothing, shelter and recreation.

"Scattered dollars are impotent dollars. Assembled dollars are powerful dollars. The congregated fund moves in one direction and has a common aim; whereas the scattered dollars all have different ends and aims."

CARDINAL RULES FOR SAVINGS BANK TRUSTEES

Early in their existence, the Legislatures of the various States, in recognition of the great utility and public good of these institutions, enacted special laws to protect them and the depositors. Their investments are carefully regulated by law, the classes of securities being limited and named; they are not allowed to hold any stocks of industrial corporations; they are regularly examined by the State Superintendent of Banking, and under their present management and the wise and beneficent laws enacted,—more especially in the Eastern States,—they are well conducted institutions doing an amount of public good absolutely incalculable. Conservative management is one of the chief factors of their success.

Assuming that the Savings Bank is virtually a safe de-

posit company (with the added advantage that the former invests the money intrusted to it and pays dividends thereon), and should be as impregnable as a vault, the rules essential for the trustee to keep in mind are these:

[1] First: Such a bank must be so conducted that the depositor can have, on reasonable demand, every dollar deposited, coupled with such interest as has been credited and not withdrawn. In other words, the institution must have such an excess in assets over liabilities that the management is convinced that, if given reasonable time, the assets could be sold and each and every depositor paid in full.

Second: The institution must always be in condition to meet at any time, a demand from its depositors, not of an abnormal character, because no bank could liquidate and pay every depositor at an hour's notice. But it is all-important to remember that the cash belongs to the depositor and that he has a right to his claim. Therefore, in addition to a proper margin of safety in the assets over liabilities—known as surplus, or guarantee fund—there must be an adequate *cash reserve,* either in the form of cash in the vaults of the bank, or as a deposit reserve in other institutions. Add to these two indispensable fundamentals—surplus and reserve—a law forbidding any but the safest investments, a liberal portion to be of liquid character, and the picture is complete; the Savings Bank is not only impregnable, but is an improvement upon the safe deposit vault.

Trustee Savings Banks were founded in philanthropy. It is self-evident that there cannot be unfair competition, corporate selfishness or inordinate, self-centered ambition in philanthropic work, for just so soon as these elements appear, the work ceases to be philanthropic.

Trustee Savings Banks, chartered by the State to encourage thrift throughout the State, constitute a system. Lack of confidence in one conspicuous member may shake belief in all. The trustees, therefore, for the preservation of public confidence in their own institution must coöperate for the conservation of the system as a whole. Nor should they forget that the savings system is but a part of our banking structure, in the welfare of which the savings system is deeply concerned, and for the welfare of which it must do its share.

[1] John Harsen Rhoades.

Trustee Savings Banks are not, as some contend, investment institutions; they are rather, financial depositories, for if they were investment institutions, acting as agents for the investment of the people's money, they would be privileged, should occasion arise, to distribute among their depositors, in lieu of cash, the depreciated investments in which their savings had been placed.

Stock Savings Banks, on the other hand, are distinctly business enterprises. There is no pretense on their part of being purely philanthropic. As a general rule, the Stock Savings Bank pays a stipulated rate of interest to its depositors and distributes the profits beyond that to the stockholders in the form of dividends.

There is no need to make comparisons of the relative merits or stability of the two classes; both have points of advantage, and when honestly and prudently managed, both are admirable institutions. There is no doubt that in the early history of the Mutual banks many abuses crept in, and considerable losses were sustained by depositors, weakening the faith of the general public in their stability; but of late years, especially since wise laws have been enacted and firmly administered, including the building up of adequate guaranty funds, little fault can be found with the management.

There is still another form of Savings Bank, peculiar to the State of New Hampshire. This is known as the "Guaranty Savings Bank." It has been defined by the Bank Commissioner of that State, R. H. Scammon, as quoted by Wm. H. Kniffin, in his book "The Savings Bank and Its Practical Work" (p. 60):

> The Guaranty Savings Bank differs from the ordinary Mutual Savings Bank in that it has capital stock, or special deposits, as they are called. It pays a certain stipulated rate of interest to its general depositors and any surplus of earnings above this dividend is available for dividends on the capital stock or special deposits. These special deposits constitute a guaranty for the general depositors, and the charter ordinarily stipulates that the special deposits shall always equal 10 per cent. of the deposits.

It will be noted from this description that these special

deposits are in the nature of capital stock, and it is further to be remembered that these special depositors assume all the risk of loss or depreciation in return for the higher rate of interest received by them. These Savings Banks violate one of the fundamental principles of Mutual Savings bank, viz.: That interest to depositors is not at a fixed rate, but shall be paid only as it is earned. It is also well settled that the surplus cannot be used in declaring dividends, the latter fund being only for the protection of the depositors.

It is also well to keep in mind the fact that starting a Savings Bank is very different work from that of inaugurating any other business enterprise. There is no capital stock, the trustees or managers receive no salary or compensation. Not only are they strictly prohibited from borrowing any of the funds in their charge, but in the case of the organization of a bank they are compelled to advance money out of their own pockets to meet current expenses until such time as the newly established institution is on a paying basis. They must form an initial guarantee fund, and an expense fund, both of $5,000 in amount, and must make such additional payments to these funds as the Superintendent of Banking may deem necessary. These funds are returnable when certain conditions have been fully complied with. For all dividends declared and credited in excess of profits earned, the trustees voting for such dividend are jointly and severally liable.

Trustees are also held to a strict accountability for their official acts.

In the case of Hun vs. Carey, in which the trustees were found guilty of gross improvidence and mismanagement, the court defined the relation between a Savings Bank and its trustees or directors as that of principal and agent, and the relation between the trustees and the depositors as similar to that of trustee and *cestui que trust.* It was expressly held that if the trustees transcend the limits placed upon their powers by the charter and cause damage to the bank or its depositors, they are liable. It was further held that

trustees are bound to exercise care and prudence in the execution of their trust in the same degree that men of common prudence ordinarily exercise in their own affairs, and that it is immaterial that the services were rendered gratuitously.

CLASSIFICATION OF SAVINGS BANKS

Savings banks may be classified under three heads: First, those without capital stock, organized solely for the purpose of receiving and investing savings and managed by a board of trustees; second, those with capital stock and managed by boards of directors, who pay a fixed rate of interest and divide such surplus profits as there may be among the stockholders; third, mixed Savings and Commercial banks, which do a general banking business as well as maintaining separate savings accounts. The first class, known as Trustee Savings Banks, are most common in the New England and Eastern States; the second in the middle West.

The Savings Banks of the first class differ from State or National banks in that they have no stock or stockholders, their only capital being the deposits of their patrons. They are *mutual,* that is, each and every depositor is an owner in the bank, and the profits, after defraying cost of administration and putting aside a proper reserve as provided by law, are paid to those whose money earns them. Safety being the very first consideration, only so-called "gilt-edged" investments may be made by the trustees and officers. These institutions are in reality voluntary trusteeships, undertaken by a few persons in a particular locality, either self-appointed or chosen by the depositors. The corporate body thus formed receives deposits or funds, small in amount, preferably from the poorer classes of society, and undertakes to invest them, using all possible diligence to make the investments absolutely safe and agreeing to divide all of the income, after payment of expenses among the depositors, at stated times.

If a surplus is created—and it is required by the laws

of many if not all of the States,—it is as a safeguard against possible losses or emergencies. None of the profits on investments belong to the corporation itself.

The principal reasons for the creation of Savings Banks are, first, to afford to the poor and to those of small incomes a means of keeping safe their occasional savings; and, secondly, to enable such persons, by combining these small sums, to invest them to good advantage. Those who hide their little hoards in stockings, bureaus or other places at home, and those who without experience try to make their own investments, are the particular objects of the Savings Banks. The latter are too often the victims of the wily promoter, the schemer who is ever looking for the "easy marks." The theory of these institutions is that their depositors will not draw out their savings except in cases of real necessity, for the deposits are made to meet possible emergencies in the private life of the depositors, not to be used to meet the daily calls of business. It is the theory upon which they were founded that the use of Savings Banks should be confined to the class for whose benefit they were devised, those who have neither the time, opportunity nor ability to investigate and determine for themselves a proper investment, nor means to enable them to pay for the information through private sources.

In practical recognition of this principle, numerous States have fixed limitations upon deposits, intended to exclude that class who have acquired wealth and are or ought to be able to invest their own funds. New York limits the aggregate to $3,000; Connecticut limits the amount receivable from any single individual in any one year to $1,000; Vermont limits the aggregate to $2,000; Massachusetts limits deposits to $1,000 from each individual, and permits it, by accumulation of interest, to reach $1,600 but allows no dividend upon any sum exceeding $1,600. Rhode Island places the limit at $1,500.

Varying exceptions are made as to trust funds, etc. The fact has been pointed out by financial writers that in case of temporary embarrassment the largest deposits, those be-

longing to what may be termed the "capitalist class," would be soonest withdrawn, and whenever private investment promised better returns, these funds would leave the bank. Whenever money is cheap and hard to invest, this class solves the difficulty of investment by placing their funds in the Savings Banks. Instead of supporting the banks these people make of them a mere convenience; instead of being a source of strength, they are a distinct element of weakness.

It is a patent fallacy to suppose that Savings Banks hoard money. The reverse is true. It is those who refuse to patronize the Savings Banks who hoard money—or squander it. For proof of this we need only look at the operation of a financial panic. Those who in foolish fear withdraw their money place it where it is non-productive, and after the unreasoning fright is over put back the same identical dollars they insisted upon taking out.

The Savings Bank, on the other hand, invests its money. Its managers are intelligent, able, experienced men, competent to make safe investments, and they are rigidly restrained from all sorts of unwise speculation by stringent laws, with adequate penalties for their infringement. The little savings, in the aggregate, amount to hundreds of millions, which, through the agency of the Savings Banks, are added to the sum of active capital in the country, which is not the less useful because it is permanently invested. It thus adds new wheels to many-sided human industry and keeps them going, the wonderful throbbing that goes on night and day, never ending until the final dissolution of all things earthly.

Again, it has been shown that the Savings Bank is one of the best safeguards of property; that personal service in an institution of this sort is more agreeable than jury duty; that it is more economical than constables, police, poor-masters, hospitals, prisons; that the millions of depositors in the Savings Banks of this imperial State will be found solidly arrayed against communism, rioting and disorder. While it is benevolent on one side, it is a business enterprise

at bottom, and when so conducted it is one of the most profitable investments that can be made. *It at once saves money and saves men.* And a host of Savings Bank depositors is infinitely better than an army of tramps!

WHY MEN BECOME BANK TRUSTEES

But, the question may be asked, why should any man of means and influence become the manager of a Savings Bank? Why should he give up his valuable time—which means to him money—to do something which pays him nothing?

The answer has been so convincingly given by Henry L. Lamb, one time acting superintendent of the Banking Department of the State of New York, that it is herewith appended: "There is no man who has capital, who is acquiring capital, that has not, in fact, an interest in the success of Savings Banks, though he may not have seen this or felt it. You give freely to support churches; you pay taxes to maintain schools, to watch criminals, to punish the bad. These things cost you money, and a good round sum, too. Have not you, has not every man who can do it, an interest in these institutions, which are saving in many senses?

"Their great success will spare your own pockets; their great success will add to the total of the resources which can find profitable employment in this land; their great success will breed a class of people of moderate means, who will look up in the world, and not down. Why should not any man, every man, indeed, who has the capacity for the work, lend something of his time, something of his judgment and knowledge, to the people that need them? He shall lend not chiefly for the sake of the borrower of such services but for his own sake. I put it upon the last ground that the wisest self-interest of every man of substance will dictate his support of Savings Banks in which he is a shareholder just so long as he has any relations with other men and is a citizen bearing the tax burdens of a citizen."

These are, indeed, wise and true words which every man of property and standing in a community should ponder. They embody both wisdom and philosophy. And it may be added that just so long as it is considered a distinguished honor in this country to serve as trustee of a Savings Bank, just so long will these institutions of many-sided beneficence be sure to endure.

TRIBUTE TO THE TRUSTEE SYSTEM

Alexander Cargill, who edited the memorial volume which was issued in 1810 to commemorate the centenary of Savings Banks held at Edinburgh on June 8, 9 and 10 of that year, gives this testimony to the value of the trustee system:

> Almost from the outset of their history, and indeed up to the present time, the outstanding feature of these Savings Banks is to be found in the fact that their management has been under the control and supervision of trustees; that is to say, bodies of public spirited gentlemen of local influence and distinction who, gratuitously in every case, act as patrons and, as such, supervise the affairs of the Banks in their respective boroughs, towns and cities. A happier outlet for unostentatious but effective public spirit, in short, for practical philanthropy, was surely never devised in this or any other country. At the present day every such Savings Bank in the United Kingdom certified under the act of 1863, has its board of trustees and managers, and it is not too much to say that the great mass of depositors, numbering something like 1,800,000, appreciate the ungrudging services in the cause of thrift which these gentlemen render; indeed, it is this distinctive feature which has done so much to maintain the present position of Trustee Savings Banks, as an all-important factor in the encouragement of thrift, making, in conjunction, of course, with the Post Office Savings Banks, for the welfare of the masses of the people and, in substantial measure, for the stability of the State. As a century-old medium for the creation of capital by means of small savings, and, moreover, in their being personally supervised and controlled in the way indicated, besides having the direct guarantee of the State for every pound of their funds lodged with the National Debt Commissioners, the Trustee Savings Banks of the United Kingdom enjoy a measure of success which—in proportion to the number of banks in operation—equals that of any similar agency of the kind in this or any other country.

CHAPTER III

ORIGIN OF SAVINGS BANKS IN EUROPE

Outgrowth of Philanthropic Plans for the Amelioration of Poverty—First Literary Advocacy in France, First Practical Test in Germany and First Statutory Regulation in America—Defoe's Pension Office Scheme the True Idea—Rev. Joseph Smith, in England and Rev. Henry Duncan in Scotland Real Pioneers—Rapid Spread of the Movement from That Time—Origin of Savings Banks in Other European Countries.

WHERE, when and how did Savings Banks originate? To answer the question, we must go back more than a century to a time when the great mass of the common people of Europe, impoverished by the constant waste and drain of wars, were in a condition of almost utter destitution. Thoughtful men and women were everywhere seeking some adequate means of relief but without success. Poverty stalked abroad, employment was scarce, industries of all kinds languished, and widespread famine threatened. As always, the common people,—the bone and sinew of the various countries,—were the greatest sufferers. True, charity could and did do much; benevolent people gave freely of their means to relieve the destitution, but the more they gave, apparently the greater became the need. Mere largess might relieve, but could never cure existing conditions.

The fact came to be recognized that the victims of these conditions were not themselves wholly blameless, that to a considerable extent they were improvident and careless of their expenditures and were not encouraged in the idea of laying by for the inevitable time of need. Hence it was seen that if a plan could be devised whereby they could be induced to put by systematically a portion of what they were able to earn in times of activity there would be a noticeable and permanent improvement in their condition.

THE FIRST SAVINGS BANK
FOUNDED BY HENRY DUNCAN, RUTHWELL VILLAGE, SCOTLAND (1810)

UNIV. OF MICH.

We have learned a great deal since those far-off days. We now know that in large degree the poverty of the world is a disease, the result of centuries of bad thinking and bad living, that it "contradicts the promise and the prophecy of the divine in man." It has been said with truth that the love of ease has wrecked more careers than anything else in the world except dissipation, and that a large part of the poverty of the world is due to downright laziness, shiftlessness and unwillingness to make the effort. Self-reliance and manly independence are the real stepping stones to strong characters. "Power is the result of force overcome." No one, of course, is an advocate of the blessings of poverty, but it cannot be denied that "sweet are the uses of adversity."

HOW MUCH IS AN EDISON OR A MARCONI WORTH?

It was Grover Cleveland who said: "There is surely no development of mental traits, and no stimulation of the forces of true manhood so thorough and so imperiously effective as those produced by the combination of well-regulated ambition with the healthful rigors of poverty."

This is why the young man who has a fortune awaiting him is to be pitied rather than congratulated. He is pretty sure to be always a weakling. As a rule, it is the hard school of adversity and of experience that makes the real MAN. And nature is willing to pay any price for the great ones. A champion race horse may bring $50,000 or $100,000; but if the world's geniuses could be put up at auction, how much would an Edison or a Marconi bring?

The French writer, de Malerce, has stated that "modern Savings Banks found their first literary advocacy in France, their first practical test in Germany, and their first statutory regulation in England." This is probably very near the truth, if we except the latter part of the statement, for the evidence is conclusive that the United States preceded Great Britain by about one year in giving Savings Banks legal sanction and authority.

Hughs Delestre, in France, published about 1610, a treatise in which he proposed the establishment of an institution for the benefit of the wage-worker, who "might deposit his savings and withdraw them again, in whole or in part, as he might require, with interest according to the time they had been on deposit." This institution was intended to take the place of alms-giving. It very nearly approaches the description of the present-day Savings Bank, but, unfortunately, nothing came of this advocacy.

Brunswick, in 1765, Hamburg, in 1778, Berne, in 1787, Oldenburg, in 1790, Loire and Basle, in 1792, and Geneva, in 1794 are said to have maintained places for the safe deposit of small savings, but they were merely crude experiments, granting annuities to patrons upon arriving at a certain age, but permitting no withdrawals.

One of the first publications on the subject in England was by Jeremy Bentham, just a century after Defoe wrote, in whose plans for the benefit of paupers was included a system of "frugality banks." All such schemes were essentially philanthropic, and necessarily limited in their application.

DEFOE THOUGHT OUT FIRST SAVINGS BANK

More than a century before the first practical Savings Bank was born in Great Britain, and when he was scarcely 28 years old, that marvelous though erratic literary genius, Daniel Defoe, the immortal author of "The Life and Surprising Adventures of Robinson Crusoe," wrote in favor of the establishment of a Pension Office. This he did in the uninviting surroundings of a public jail to whose ill-smelling precincts he had been consigned for the crime of speaking his mind too freely about Government matters and other things. Having little else to do, Defoe thought out what was in reality the first Savings Bank.

The avowed object of his Pension Office was to abolish pauperism. The plan was surprisingly similar to that of our present Savings Bank, except that it was to be operated by the Government. Its source was alone sufficient to con-

demn that idea, and it is not surprising to learn that the Government gave the proposal but scant consideration—which means none at all.

Springing from the common people—his father was a London butcher named Foe, and his distinguished son seems to have changed a middle name into a prefix, either for the purpose of aping or gibing the aristocracy, probably the former—this English dissenter and vitriolic pamphleteer many a time, both from the inside and the outside of a prison cell where he languished as a debtor, not a criminal, rattled the dry bones of the very "blue bloods" he was supposed to have envied.

Though the author of more than two hundred miscellaneous works, Defoe's fame rests upon his fictions, whereas, he should be honored and revered throughout the world for his advocacy of great reforms in which he was far in advance of his time, such as the coeducation of women, the abolishment of imprisonment for debt, the separation of Church and State, good roads, mutual insurance, and finally, Savings Banks.

As to the last named, Defoe's plan was to have all the wage-earning citizens of a community pool a certain proportion of their weekly or monthly earnings and place the pool at the disposal of the Government. The latter was to pay interest. Any member of the pool might draw out funds proportionate to his deposit whenever he needed the money to tide over an emergency. If he fell sick, or became disabled in the pursuit of his calling, he could apply for a pension, and in old age retire and live on the income from his savings.

In advocating this scheme, Defoe wrote:

> I desire any man to consider the present state of this kingdom, and tell me if all the people of England, old and young, rich and poor, were to pay into one common bank four shillings per annum per head, and that four shillings duly and honestly managed, whether the overplus would not in all probability maintain all that should be poor, and forever banish beggary and poverty out of the kingdom?

And again:

Who, indeed, would pity that man in his distress who, at the expense of two pots of beer a month, ought to have prevented it, and would not spare it?

Defoe's plan is not claimed to have been perfect, but that his keen, alert mind saw clearly the advantages of the modern Savings Bank cannot be questioned. Thrift, like many other precious plants, is of slow growth, and it was fully half a century after Defoe's death before the first real institution of this kind was established.

Nevertheless, credit should be given where credit is due. As some one has wittily observed, this brilliant romancer became at once "the author of a great fact as well as a great fiction."

In the year 1798, the Reverend Joseph Smith, of Wendover, in conjunction with two of his parishioners, offered to receive from members of his congregation any sum from two pence upward, to be returned at Christmas, with one-third added to the deposit—a sort of Christmas Club. In 1804, Mrs. Priscilla Wakefield, of Tottenham, with six gentlemen, agreed to receive small deposits and pay 5 per cent. interest on all sums above twenty shillings left more than a year in their hands, thus adding a Bank to a Friendly Society. In 1808, eight residents of Bath, four of whom were ladies, offered to receive the savings of domestic servants and pay 4 per cent. interest thereon. About the same time Samuel Whitbread proposed to Parliament the formation of a national institution "in the nature of a bank for the use and benefit of the laboring classes alone."

These were all anticipations of Savings Banks, they were getting nearer and nearer the true idea, but the results were not given to the public, and very little came of them. They were merely voluntary associations, without legal existence or fixed rules, their only security being the confidence of the proposed depositors in the integrity of their founders and promoters.

DR. DUNCAN THE REAL PIONEER

It was left for the Reverend Henry Duncan, an humble Scottish minister, to establish on May 10, 1810, the first

real Savings institution in the world, and thus to earn the title of the "Father of Savings Banks." It was called a "Savings and Friendly Society."

A more barren soil for the propagation of this precious thrift-plant hardly could be imagined. Dr. Duncan's parish was an unpromising one in Dumfrieshire, the inhabitants being mostly poor cottagers whose average wages did not amount to more than eight shillings a week. There were no manufactures, nor any means of subsistence for the people except what was derived from the land under cultivation, and the owners of the land were mostly non-resident. Nevertheless, the good Doctor was not to be deterred. He knew that even in the poorer families there were odds and ends of income frittered away in unnecessary expenses, and he believed that with practical lessons in economy, supplemented by the opportunity to store away small savings at interest, the habit of laying aside a little of their hard earned wages might be formed. His anticipations were fully justified by the results of the first year's operation of his little "Savings and Friendly Society." [1]

The career of Dr. Duncan again proves the value of a hobby. The good Doctor rode it continually and continuously; he wrote and spoke and in every possible way sought to promote the scheme, because he believed in it with all his soul.

The machinery devised by Dr. Duncan, however, was open to the objection of being too cumbersome. For example, in his Savings and Friendly Society there were three classes of membership, viz.: ordinary, extraordinary and honorary. The first class consisted of the ordinary poor depositor; the second and third, of those who paid certain sums into the auxiliary fund, which fund was used to provide premiums for those who were most regular in their deposits. There was also rather elaborate machinery for the management of the bank. A further objection to the plan

[1] It is stated that the first "safety deposit vault" in use in England was a small iron chest, kept by the good Dominie Duncan in his modest home, and that there were three keys to this chest, kept by the minister and each elder, so that it took three people to open the bank.

was the imposition of fines and penalties upon those who failed to make deposits during the year. Still another objection was the failure to place the savings entirely under the control of the saver; in other words, withdrawals were restricted, at the option of the "Court of Directors," which body consisted of the governor, five directors, the treasurer and one or more trustees chosen from the honorary and extraordinary members. Depositors' personal records were also thoroughly investigated before they were allowed to "join the society."

It may be said that while Dr. Duncan did not originate the Savings Bank idea, he probably did more than any other man to crystallize it and prove its practicability, hence is deserving of all the honors that have been given him.

DR. DUNCAN'S LIFE AND WORK

From a brief account of the life and work of Dr. Duncan, written by Mrs. Sophy Hall, his great-granddaughter, it appears that this distinguished Scottish divine was born at the Manse of Lochrutton, Kirkcudbrightshire, in the year 1774, and was descended on both sides of his house from a clerical ancestry. A follower of the noted Chalmers, Dr. Duncan, did not hesitate to give up home comfort and the habits of a lifetime to take part in that self-sacrificing movement—the disruption of 1843. Educated at St. Andrews University, he engaged in mercantile pursuits at the age of sixteen, but finding the vocation extremely distasteful, determined to enter the ministry, not so much from any spiritual call as that it seemed to offer him more scope and opportunity for reading and intellectual pursuits than a commercial career. He became a student at Edinburgh University, where he first came under the powerful influence of Dugald Stewart, and also spent two years at Glasgow University, returning to Edinburgh later for a final two years. He was afterward licensed as a preacher by the Presbytery of Dumfries, and in 1799 was offered and accepted the living of Ruthwell parish in Dumfrieshire.

The young preacher, full of enthusiasm and irrepressible

energy, at once set about the task of improving the material condition of his poor parishioners, to which a series of bad harvests had put the finishing touch of woe. Work was scarce, prices high and wages low. Knowing that idleness was certain to engender a distaste for work, the good clergyman sought in every way to find work. Many of the men were employed in ditching and draining, and women were set to work spinning flax, which he had bought. To still further relieve the prevailing distress, he imported corn from Liverpool and sold it at cost to the people in quantities graduated according to the size of the family. His biographer says:

"At the time when the name of Bonaparte was on everybody's lips, when dread of invasion carried fear into every heart, he started the Ruthwell Volunteers, and himself commanded them. His address from the pulpit inspired his congregation with some of his own superabundant enthusiasm."

It was his happiness, he said, to live with his parishioners, and should God and his country demand the sacrifice, it would be his glory to die with them.

Dr. Duncan married in November, 1804, Miss Agnes Craig, the daughter of his predecessor, the Rev. John Craig. Together they worked for the benefit of the parish and she encouraged him in every good thought and act of his life. The poet Burns was a frequent visitor to her father's home, and she is the heroine of the pathetic little story of "Burns at Ruthwell Manse," quoted by Lockhart in his Life of the poet.

In 1808, Dr. Duncan started his first literary production, "The Scottish Cheap Repository," intended to give the people sound advice and valuable instruction. Soon afterward he embarked on his great literary undertaking, the *Dumfries and Galloway Courier,* which, under his management, soon reached a high position among Scottish newspapers. This publication still flourishes, and in the year 1909 celebrated the hundredth year of its publication. He also wrote for many other leading publications, notably the

Edinburgh Encyclopedia. His garden was his principal recreation.

As to the greatest and most abiding monument of Dr. Duncan's career, the founding of the first Saving Bank, his great-granddaughter says:

> It was in 1810, that this practical philanthropist first put his scheme into motion. While studying the question of the poor laws—a subject in which he took the greatest interest—he came across a paper called *Tranquillity.* This pamphlet contained, among much that was unpractical and visionary, the germ of an idea for enabling the prudent poor to provide for themselves, thus effecting an abolition of the poor rates. He set to work at once to develop the idea. His efforts met at first with little response, and had it not been that he had a passionate belief in the system himself, and the pertinacity to continue in spite of all opposition, it would have been difficult to carry the matter through; but to his lasting honor, he achieved his object single-handed. In 1810, the little parish Savings Bank opened its doors to receive the first depositors—many were timid at first to entrust their money to his keeping, but gradually their confidence was won and the figures obtained were remarkable, for the money subscribed in the first year was £151, followed in the two succeeding years by £176 and £241, successively, and then with a sudden spurt of life in 1814, they rose to £922.

But the good Doctor's work was not ended with the opening of the first Savings Bank, of which he became the actuary. Its success brought him world-wide correspondence, and in 1814, with a view to making his scheme more widely known among nations, he published a pamphlet which went through several editions in rapid succession. Finally, Dr. Duncan turned his attention to placing these establishments under Government protection, and in spite of powerful opposition he won triumphantly.

The little cottage from which this world-wide movement sprang, is still standing in Ruthwell, as a monument to the "Father of Savings Banks."

Dr. Duncan and his coadjutors believed thoroughly in building up character as well as saving money. He showed remarkably clear vision when he said: "If you confine yourself to the relief of poverty, you do little. Dry up, if possible, the springs of poverty, for every attempt to stem the running stream has failed signally." These two terse

sentences describe admirably the true purpose of the Savings Bank.

THE MOVEMENT SPREADS—LEGISLATION INVOKED

The movement soon spread rapidly. Within seven years there were no less than seventy-eight similar banks doing business in the United Kingdom. One of the first and greatest of these was the Edinburgh Savings Bank, organized in 1814 by the Edinburgh Society for the Suppression of Mendacity. This bank was probably the first to adopt the now universally used pass book. Compared with the Ruthwell bank its operation was greatly simplified; it was open but one hour a week. The Provident Institution for Savings, Bath, and the Provident Institution of Southampton, followed in 1815.

In 1817 the first Acts of Parliament dealing with them were passed (Acts. 57 Geo. III, caps. 105, 130; on July 11 and 12, 1817), Ireland having taken precedence of England by one day. Scotland did not obtain its act until July 2, 1819. At the close of the year 1818, nearly a quarter of a million sterling had been invested with the National Debt Commissioners by the English and Irish banks, and when the Scottish banks began to contribute their quota, the success of the system was so assured that at the end of ten years' operations no less than fifteen million pounds sterling was invested, and at the close of another decade (1837) close on 20,000,000 pounds. Their progress, however, was not uninterrupted, for in the year 1826, and subsequently, large withdrawals took place, due to great commercial distress and general panic in financial circles.

Between the years 1817 and 1828, eleven separate Acts were passed by Parliament, and in the latter year they were all consolidatd into the first comprehensive and well-digested general law.

Complete statistics relating to the earlier years of the Trustee Savings Banks are not available; but from 1829 figures showing their periodical transactions have been published by the authority of Parliament. The following table

shows the progress of these institutions from 1819 to 1861, when the Post Office Savings Bank System was inaugurated:

Year	*No. of Banks*	*No. of Accounts*	*Amount of Funds*
1819	359	Unknown	£2,813,023
1829	476	409,714	14,791,495
1839	541	748,393	22,486,553
1849	579	1,087,354	28,699,550
1859	625	1,503,916	38,726,676
1861	645	1,643,822	41,546,475

From these figures the steady and remarkable progress of the Trustee Savings Banks will be seen at a glance. Since 1861, while the number of depositors has been reduced by one-half, the amount of their invested funds has continued sensibly to increase, notwithstanding the competition of the Post Office Banks. This is explained by the fact that, while a large number of the smaller Trustee Banks had closed their doors or transferred their business to the Post Office, the larger and stronger banks in the great centers of population more than maintained their own. As proof of this, Mr. Cargill cites the Glasgow Savings Bank, which has (or had before the present war) 250,000 depositors with over eleven million pounds sterling to their credit—a sum more than equal to what the Post Office Savings Banks owe to their depositors in Scotland and Ireland together.

The following table, taken from Mr. Cargill's excellent article on "A Century of Thrift," shows the relative positions of the ten leading Trustee Savings Banks of the United Kingdom, according to funds invested with the National Debt Commissioners, in addition to which, most of the banks named have large additional funds belonging to their Special Investment departments:

Name of Bank	*Ordinary Department Funds at Nov. 20, 1908*
Glasgow Savings Bank	£7,865,183 18 11
Liverpool Savings Bank	3,497,766 19 10
Manchester Savings Bank	3,270,613 3 6
Edinburgh Savings Bank	3,261,810 1 2
Dundee Savings Bank	1,614,737 4 8
Hull Savings Bank	1,502,104 14 11
Aberdeen Savings Bank	1,278,634 16 1
Sheffield Savings Bank	1,235,336 18 1
Newcastle Savings Bank	1,187,649 16 9
Preston Savings Bank	1,065,554 17 10

In the year 1891, a new and more stringent system of inspection of Trustee Savings Banks was brought into existence by Act of Parliament, with the result that these institutions soon began to enjoy a greater degree of public confidence than ever before in their history. Their number in the year 1910 was 222 and their total deposits were in excess of fifty-four million pounds sterling, the highest amount ever reached. In addition to this, however, there was a further amount of nine million, five hundred thousand pounds in the Special Investment funds of a number of the larger banks, belonging for the most part to those depositors whose accounts in the ordinary department had reached the maximum limit of deposit, £300; and of these there were no less than 72,960.

In concluding his article, "A Century of Thrift," Mr. Cargill says:

> In these two British Savings Bank systems, [Trustee and Post office], there are at the present day, [1910], close on thirteen millions of individual depositors, or about one in every three of the entire population of the United Kingdom, owning something like £220,000,000 sterling, a sum approximating to about £17 per head. Of course, the total results of a century of thrift—for Savings Banks have only helped to contribute thereto—would show much larger figures than these, were it possible to include here the operations of the friendly societies, coöperative associations, and similar provident agencies that have been working side by side with the Savings Banks for many years past. But if we take the operations of the Savings Banks alone, from their small beginnings just a century ago up to the present time, it is impossible to deny that, with the great mass of people, the advantages of thrift are becoming every year more and more appreciated.

Among the more prominent statesmen and parliamentarians whose names will always be associated with the earlier history of Savings Banks in Great Britain, should be mentioned the Right Hon. George Rose, Treasurer of the Navy; Chancellor of the Exchequer Vansittart; William Wilberforce, Mr. (afterwards Lord) Brougham; Mr. Joseph Hume; Chancellor of the Exchequer Goulbourn; Lord Althorp; Mr. Pease; Chancellor of the Exchequer Spring Rice; Mr. Cobbett; Mr. Bright; and Mr. W. E. Gladstone.

It was under Mr. Gladstone's incumbency as Chancellor of the Exchequer under Lord Palmerston's administration, in the year 1861, that a new era in the history of Savings Banks was inaugurated by the creation of the Post Office Savings Bank system.

To this roll of honor should be added the name of William Wilberforce, the slave liberator, who greatly assisted the Rev. Henry Duncan in getting through Parliament the first acts of 1817–19. Thus the great liberator helped to strike the fetters from the white slaves of ignorance, pauperism, vice and crime. Perhaps the most striking tribute to the action of Wilberforce in relation both to slavery and Savings Banks, was in the adoption by the English Parliament of the principle that deposits in Savings Banks should be made the test and means of manumission.

GERMANY'S SAVINGS BANKS

The German Savings Banks probably had their origin in projects for the amelioration of the condition of the poor, during the second half of the eighteenth century in Northern Germany. It is believed that the first institution of the kind was the loan bank established for the Duchy of Brunswick, in 1765. In 1778 a somewhat similar bank was established in Hamburg, which may be regarded as being the first German institution designated as a *"Sparkasse,"* or Savings Bank. The savings feature of this bank was designed to assist messengers, day laborers, hand workers, seamen, etc. As early as 1815, the Hamburg bank became the guaranteed institution for the entire city. Other cities organized similar institutions, and the Savings Bank idea was taken up by churches, communities and commercial associations.

According to interesting facts gathered by the American Institute of Banking, modern developments in banking and commerce have caused many additions to be made to the old Prussian regulations, yet the present system is largely built upon the regulations concerning the establishment of the Savings Bank system of December 12, 1838. This law

covers most of the general principles necessary for establishing, organizing, supervising and conducting the business of the public Savings Banks. The banks formed by communal organizations are not covered by this law, but have been restricted and controlled by various new statutes. Regulations formulated by city authorities apply only to city Savings Banks.

The responsibility of the city or community to which permission is granted to establish a Savings Bank, is definite at all times, and in case of difficulty the security of depositors is safeguarded by the local budget. The duly authorized representative of the central government (Prussian), is the court of high decision for most local matters; in cases of vital importance the decision of the minister of the interior is required. The provisions against loss are regarded as remarkably thorough and effective for a law passed so long ago. No provisions are made for "bank examiners," in the American sense, but the responsibility placed upon the state and community in which a bank is established, is so great that careful revision of the bank records would take place from time to time. Private organizations, such as unions and associations, do not come within the purview of the law, but banks established by such organizations are specially regulated.

Although efforts have been made to unite the Savings Bank systems of the various German States into one cohesive whole and a German Savings Bank Union was formed in 1881, these efforts have not been successful in forming a central board or bank which directs savings affairs for the Empire.

While it is true that Germany has no Postal Savings Bank system, her Municipal Savings Banks constitute an excellent substitute therefor, judging by results. It would seem to be quite as much within the province of a municipality to educate its people in thrift, as to provide public hospitals and libraries, and this is what some of the principal cities of Germany are doing.

The Municipal Savings Bank usually consists of a cen-

tral office and a system of substations in different parts of the city, where they are most needed, such as populous factory districts. The Berlin Municipal Bank, for example, has more than seventy-five substations, where money may be deposited or withdrawn, and interest collected. In some of the German States, as many as one-third of the population are depositors in these banks.

This form of Savings Bank is usually found in places where the local spirit is strong, the local government pure, and public confidence in the administration at the highest point. As the municipal or city government, with its taxing powers, stands back of the deposits, a stronger guarantee could hardly be devised or desired.

Institutions of this type are common throughout the German Empire, operating in the country districts as well as in the cities. They are also the predominant type in Austria and France, and the plan has been successfully employed in Italy, Switzerland, Russia, Denmark, Sweden and Japan. These are quasi-private corporations, having power to own property, to make contracts, and to sue and be sued in the courts. Managers and officials are appointed by the municipality. Loans on real estate are the principal form of investment.

Not infrequently, these banks send officials to the homes of small depositors to collect weekly sums for deposit.

According to the latest available statistics, there were in the German Empire at the close of the year 1913, 22,020,-149 savings accounts, more than one-half of which were in Prussia alone. Figuring upon a population of about 65,-000,000, this would be approximately one account to every three persons in all Germany, a splendid showing of thrift. According to the same figures, for the year 1913, Germany was credited with having 2,917 principal Savings Banks and 8,108 branches. The total value of property which the Savings Banks had belonging to depositors was 18,305,-811,000 marks ($4,356,783,018). All property of the banks, including buildings, deposits, etc., but excluding the reserve fund, was valued at 18,444,460,000 marks ($4,-

389,781,480). The reserve fund for the same year was stated as amounting to 886,390,000 marks ($210,960,820).

THE SAVINGS BANK AT BREMEN

The savings bank (*die Sparkasse*) at Bremen "is one of the most peculiar and original institutions of its kind in all Germany, if not in the whole business world. It is in the nature of a private savings and loan bank conducted for the exclusive benefit of its depositors.

It was founded in June, 1825, by eighty prominent citizens of Bremen, among whom were the president and many members of the Bremen Senate, members of the Citizens' Assembly and other prominent citizens, and was incorporated under the law of the Free and Hanseatic State of Bremen. It was instituted mainly for the purpose of offering an inducement for saving to the people of Bremen, especially to the poorer classes, by giving them a safe opportunity of investment and a profitable return on their savings. A second object was to establish a source of supply, or creative means, for the furtherance of public welfare and charities.

In the beginning a law was enacted by which it was directed that none of the profits should ever be divided among the members of the society, but that they should be distributed among charitable institutions and enterprises of public utility and expended for the common welfare.

The following table illustrates the growth of the institution in number of depositors and amounts deposited at the end of the last year of each decade, and also at the end of 1911:

Year	*Number of Savings Books*	*Amounts Deposited*
1830	3,751	$260,160
1840	9,318	755,860
1850	18,014	1,826,772
1860	25,392	3,611,782
1870	28,826	4,349,197
1880	30,864	7,940,528
1890	97,097	13,435,831
1900	140,372	17,741,372
1910	188,716	28,681,431
1911	195,163	30,307,344

FRENCH SAVINGS BANKS

In France, according to a report made by the United States consul-general at Paris, in answer to an inquiry made by the American Institute of Banking, the Savings Banks are government institutions, under the control of the Ministry of Commerce, Post Telegraphs and Telephones.

The total amount of deposits at the close of the year 1915, was about two billion francs ($400,000,000). The maximum sum received on deposit from any one person is 1,500 francs ($289.50). The population of France was estimated, on January 1, 1915, to be about 39,300,000.

The Government, by authorizing the issuance of "City of Paris" and "Crédit Foncier" bonds of low denominations, payable by installments, and benefiting by prize drawings, encourages the poorer classes to invest their money in gilt-edged securities bearing 3 per cent. or 4 per cent. interest.

Take, for example, the City of Paris issue of 1912. The bonds, of a face value of Frs. 300, were issued at Frs. 285, with 3 per cent. interest. The first installment was only ten francs, and the balance of Frs. 275 was payable by installments of Frs. 25 (less accrued interest), payable up to September, 1916; that is to say, one payment every three or four months. The issue will be repaid entirely in seventy-five years, but, to render the issue more attractive, for the first twenty-five years there will be a monthly prize drawing, with prizes varying from Frs. 100,000 downwards, and for the last fifty years the drawings will be quarterly.

One can readily understand the attraction that the possibility of winning a prize which will render him independent for life has on the workingman, and it is not astonishing to find at least half of the working class families in France holders of one or more bonds of this description. All the City of Paris issues since 1865 (twenty in all) have been made on similar lines. The saving habit in France is exceedingly strong.

In the country districts children, when they have finished

the "Ecole Communale" at the age of thirteen or fourteen, are sent to work on farms more or less distant from their parents' residence, where they are lodged and fed and paid a small "retribution," averaging about 300 francs ($57.90). In most cases the parents, who receive the money, pay it into the Savings Bank for the child, and when the boy has finished his military service, or the girl is of marriageable age, they find themselves possessed of a small capital with which either to begin business or to form the dowry which is generally expected in that country.

THE SAVINGS BANK OF PARIS

The Savings Bank of Paris had its origin in a maritime insurance company in May, 1818, with the name *Caissee d'Epargne et de Prevoyance* (Bank of Savings and Foresight). The founders paid in $200 each, while the insurance company furnished the place of business.

The object of the company was to receive on deposit the small sums which might be entrusted to it by the laboring classes, whether workmen, artisans, domestics, or those engaged in agriculture, as well as other persons who were both economical and industrious. The smallest deposit allowed was twenty cents. The statutes contained a fundamental principle. "Whenever the account of a depositor shall show a sum sufficient to buy, at current rates, the sum of $10 annual payment, in state bonds, the bonds shall be transferred and registered in his name, and he will become the owner, except that the bond will be left on deposit in the bank, which is charged with the duty of collecting interest for him." Fundamentally, the purpose of the Savings Bank was to accumulate the small savings of the working classes until an amount was reached sufficient to buy at current rates, a bond of fifty francs of state rentes.

The Savings Bank of Paris was a pronounced success and its example was rapidly followed in a number of other cities in France. However, the revolution of 1848 caused the suspension of a number of these Savings Banks. The Government took over the deposit accounts. The Savings

Bank of Paris is still an independent institution, but uses its deposits to invest in state securities, virtually under the supervision of the *"caisse des depot se consignations,"* a government board charged with the investment of savings funds for the National Postal Savings Bank. The postal Savings Banks of France have not affected the steady growth of the other savings institutions as in other countries.

According to a report issued in 1914, there were 550 Savings Banks in operation in France, besides 1,854 branches, making a total of 2,404 savings institutions. The *caisses d'epargne* of France are preëminently the savings banks of wage-earners, small tradesmen and children, deposits as small as one franc (19.3 cents) being accepted. The postal savings banks of France number approximately 8,000.

In some of the European countries the authorities have gone so far as to establish slot machine savings banks in order to teach the people the value of the small coins. About four years ago a bank in Budapest established a series of these little banks. The machines are arranged for the receipt of two coins, the crown ($0.203) and the twenty-fillér piece ($0.04). They return a ticket for each coin deposited and these tickets bear interest from the date of their issuance. One hundred and ten tickets may be exchanged for a bank book. The machine is so constructed that if counterfeit coins are deposited, the numbers of the tickets issued for them can be ascertained; it can be arranged to take coins of other sizes and weights than the crown and the twenty-fillér pieces. The total deposits in 1912 were 65,000 crowns ($13,195).

JAPANESE BANKING

In answer to an inquiry on banking in Japan, Consul-General Skidmore sent the following letter from Yokohama, dated December 16, 1915, to the American Institute of Banking:

The modern system of banking in Japan dates from the National Banks Regulations in 1872. The regulations for ordinary banks are

applicable to savings banks also. Savings banks, whose business is to take charge of the deposits made by the public at compound interest, must be joint-stock companies. Their directors are jointly under unlimited liability with respect to the obligations of the bank incurred during their term of office, and upon the lapse of two full years after their retirement therefrom are released from such liability. Savings banks must, as guarantee for payment of savings deposits, provide themselves with interest bearing national or local loan bonds corresponding in value to at least one-fourth of the deposits received and place them in the Deposit Section of the Department of Finance. If, however, the said guarantee fund reaches an amount equal to at least one-half of the capital, commercial bills and reliable companies' debentures and shares may be used. Any alteration in the articles of association of a savings bank or any change in the kind and method of its business must be previously approved by the Minister of Finance.

When a bank (1) receives a sum of less than $2.49 as a deposit at a time, (2) takes deposits periodically or several times within a certain period by fixing beforehand the time of repayment, or (3) receives money periodically or several times within a certain period under a promise to pay a certain sum of money at a certain period, it may be regarded as a bank transacting the business of a savings bank.

In 1905, 481 savings banks and 202 other institutions engaged in the savings bank business in addition to their principal business received $118,017,608 of savings deposits and paid 9.4 per cent. interest. In 1914, 500 savings banks and 153 other firms carrying on a savings bank business took in $156,042,987 worth of savings, paying an interest of 4.2 per cent. on them. The total number of postal savings depositors in the year ending March 31, 1915, was 12,928,005, over 50 per cent. of whom were farmers and students, and the value of these was $100,985,778.

The population of the Japanese Empire, according to the last census, was as follows:

Japan proper	54,843,083	
Chosen (Korea)	15,911,937	(of which 291,217
Taiwan (Formosa) estimated at	3,500,000	are Japanese)

The Post Office Savings system was introduced in 1875. A single deposit must not be less than ten sen (almost five cents), and the total amount deposited must not, except for public corporations and in other special cases, exceed $498; if a deposit exceed this sum and the depositor does not reduce it to the said limit, he is required to buy with the surplus national loan bonds and other securities. The rate of interest on deposits was increased from 4.2 to 4.8 per cent. in April, 1916. Moreover, there have been established postal savings, the withdrawal of which is restricted by agreement among several

persons or is not permitted within a fixed term, and joint savings, the deposit of which is made by several persons jointly in the name of their representative, and also special savings for emigrants abroad to deposit in the postal savings at home from their place of residence.

DEPOSITS IN EUROPEAN SAVINGS BANKS

In an article contributed to the *Scotsman* (Edinburgh), of March 4, 1916, Mr. Cargill gives the following tables showing the deposits in the Savings Banks of the principal countries now at war:

	No. of Depositors	*Funds in Savings Bank*
German Empire	15,000,000	£480,000,000
Austria and Hungary	6,000,000	250,000,000
Turkey and Bulgaria	Negligible.	Negligible.
Total	21,000,000	£730,000,000
United Kingdom	11,000,000	£225,000,000
France	10,500,000	175,000,000
Belgium	2,000,000	32,000,000
Italy	5,800,000	100,000,000
Russia	5,580,000	180,000,000
Canada, Australia, and New Zealand	1,150,000	52,000,000
Total	36,030,000	£764,000,000

(All figures are roundly stated.)

At a glance it will be observed how Germany and Austria almost equal in toto all the other nations with whom they are at war. Germany preceded all others in the etsablishment of Savings Banks, and there can be no doubt that she is now reaping the advantages of her foresight and acumen in so energetically fostering the thrift habit among her millions of wage-earners.

EFFECT OF THE WAR UPON EUROPEAN SAVINGS BANKS

In response to a request for a brief résumé of the effect of the present war upon the Savings Banks of the United Kingdom, Mr. Alexander Cargill, Actuary of the Edinburgh Savings Bank, one of the largest and most prominent in Europe, wrote under date of March 25, 1916:

The effect which the war has had upon the funds of our Banks is almost impalpable. I mean there has been no reduction in the

amount of the funds; if anything, there has been an appreciable advance all round. I wish I could say more upon this point here and now, but the fact is that it is too soon yet to confirm anything authoritatively as to the influence of the war on our great National Thrift movements (which of course are not confined to Savings Banks only). Generally speaking, the great masses of the people are being taught by the war a new chapter in Thrift, and are to be educated, young and old alike, to an appreciation of the thrift principles in a way that half a century of peace times could never accomplish. In this regard, it may be well said in the famous words of Shakespeare, that "there is a soul of goodness in things evil."

In the momentous problem which confronts us, there is, of course, no room for sentiment, much less for smug complacency. We are in the region of inexorable fact. The problem is—Can we harbor our resources so as to maintain inviolate the financial security of the nation and Empire? Yes, it can be done, but, make no mistake about it, there must be enormous sacrifice. Economy will have to be practiced almost to the point of stinginess. Thrift must become the be-all and end-all of both individual and national endeavor. The gospel of money-saving will require to be preached as it has never been preached before; every person, be his purse long or slender, must save, save, save. Extravagance in any shape or form will be not only unpatriotic but criminal. He that saves most will be accounted the most worthy; the spendthrift will be anathema.

REMARKABLE DEVELOPMENT OF SAVINGS ASSOCIATIONS

One of the most striking and significant developments of the war to be seen in Great Britain is the multiplication of savings associations. On September 11, 1916, there were no less than seven thousand of these and they were still increasing rapidly. Four hundred committees were at work forming the associations in various parts of the country.

The fact was being impressed upon the people that every shilling saved and lent to the nation possessed three values: (1) When saved it limited the demand for goods and services, thus moderating the price of commodities and setting free material and labor for essential national ends. (2) When lent to the nation it became directly available for the purposes of the war. (3) When invested it not only helped to meet the national need of the moment, but became for the individual a sure protection against the proverbial "rainy day."

London had on the above date, 850 of these savings associations, Yorkshire 580, Lancashire 520; Nottinghamshire 340; Gloucestershire 320; Leicestershire 270, Staffordshire 260, Surrey 250; Warwickshire 250, Lincolnshire 200, Kent 160, Cheshire 150.

It is very evident that only a good beginning has been made in this movement, for in Wales and Monmouthshire at the time this was written, the propaganda was just beginning and some counties had hardly been touched. It was stated that all classes were coming in—employers and wage earners, professional men and the poor.

SAVINGS BANK DEPOSITORS IN EUROPE

The following table shows the number of depositors in the Savings institutions of the principal European countries and the aggregate amounts of their deposits:

Country	*Depositors*	*Deposits*	*Population*
Austria			
Communal and Private Savings Banks	4,385,064	$1,291,041,227	28,763,000
Postal Savings Banks	2,300,407	40,297,296	
	6,685,471	1,331,338,523	
France			
Private Savings Banks	8,391,694	754,409,859	
Postal Savings Banks	6,187,203	336,893,799	39,602,000
	14,578,897	1,091,303,658	
Germany			
Public & Corporate Savings Banks	22,979,254	4,445,833,574	
Communal and Private Savings Banks	1,149,251	428,023,064	66,715,000
	24,129,505	4,873,856,638	
Italy			
Communal and Corporal Savings Banks	2,399,606	490,191,340	
Postal Savings Banks	5,780,010	376,072,443	35,239,000
	8,179,616	866,263,783	
Russia			
State, including Postal Savings Banks	8,988,225	867,929,500	170,903,000
United Kingdom			
Trustee Savings Banks	1,870,510	261,875,606	
Postal Savings Banks	12,750,693	886,211,861	46,026,000
	14,621,203	$1,148,087,467	

Country	*Depositors*	*Deposits*	*Population*
United States			
Postal Savings Banks	525,414	$ 65,684,708	101,740,000
Mutual and Stock Savings Banks	11,285,755	4,997,706,013	

The figures for the world (estimated population, 1,005,339,000) are: Depositors 132,506,114; deposits, $18,044,316,316.

NOTE: The figures for European countries were gathered before the outbreak of the war, during the years 1911–1914.

CHAPTER IV

RISE OF SAVINGS BANKS IN AMERICA

New York, Pennsylvania and Massachusetts Divide the Honors—Survey of the Country a Century Ago—War with Great Britain Had Left the Currency Demoralized—Efforts to Relieve the Sufferings of the Poor—Little Manufacturing, and Fears for the Food Supply—Rise of Factory System—Population of the Country Only Eight and a Half Millions—Savings Bank Statistics.

THREE Commonwealths of the American Union—New York, Pennsylvania and Massachusetts—were chiefly instrumental in the establishment of Savings Banks in the United States. The *Empire* State is believed to have been the pioneer in their organization (though concededly not the first to actually begin business), the *Keystone* State was the first to open the doors of such an institution, while the *Old Bay* State enjoys the unique distinction of having led the way in their incorporation by act of legislation, not only in America but throughout the world. "An Act to incorporate the Provident Institution for Savings in the Town of Boston," was approved on the 13th day of December, 1816. No legal sanction of such an institution can be found anywhere prior to this date. The first Acts of the British Parliament dealing with Savings Banks were passed on the 11th and 12th of July, 1817. Scotland, though leading the world in the organization and actual operation of Savings institutions, as we now know them, did not obtain its Acts until two years later—July 2, 1819.

Providentially, as it would seem, a dominant figure arose in each of these cities, at about the same time,—Thomas Eddy, in New York, Condy Raguet, in Philadelphia, and James Savage in Boston,—to start the Savings Bank movement on this side of the Atlantic. Each received publica-

tions,—and probably letters—from England, describing the movement in that country and testifying to its remarkable success. Each one became an enthusiastic promoter of a Savings Bank for his city and each with brilliant results. As a consequence, the Philadelphia Saving Fund Society was organized, directly through the efforts of Mr. Raguet and the men whom his enthusiasm enlisted in the cause, and opened its doors for business Dec. 2, 1816. This was undoubtedly the first Savings Bank in the United States. It was two years later before the institution was incorporated. Largely through the initiative of Mr. Savage, the Provident Institution for Savings in the Town of Boston, was the second to open its doors, in the month of February, 1817. It had been incorporated on December 13, 1816, which was the first legal recognition of an institution of this sort in the world. The Savings Bank of Baltimore was the third to commence business, on March 16, 1818, but it was some nine months later when it was incorporated. Then followed the Salem (Mass.) Savings Bank in April, 1818, and the Bank for Savings, New York, in 1819.

Detailed reference to the organization of each of these, as well as several other pioneer banks, will be found in subsequent chapters.

For purposes of comparison and ready reference the following table will prove of interest:

Institution	*Opened*	*Incorporated*
Phila. Sav. Fund Society	Dec. 2, 1816	Feb. 25, 1819
Prov. Inst. for Sav. Boston	Feb. 19, 1817	Dec. 13, 1816
Savings Bank of Baltimore	Mch. 16, 1818	Dec. 1818
Salem (Mass.) Savings Bank	Apr. 15, 1818	Jan. 29, 1818
Bank for Sav. New York	July 3, 1819	Mch. 26, 1819
Hartford (Conn.) Soc. for Sav.	July 14, 1819	June 1, 1819
Savings Bank of Newport, R. I.	Aug. 11, 1819	June 1, 1819
Providence (R. I.) Inst. for Sav.	Nov. 20, 1819	June 1819
Albany Savings Bank	June 10, 1820	Mch. 24, 1820

None of these pioneers could have had any adequate idea of the importance of the steps they were taking, or of the phenomenal manner in which these little weaklings were to grow into financial giants; they were simply acting in accordance with their lights. They were leaders in a great

movement that had had its inception in the Old World and now had spread to fair, free America, where it was destined to far outstrip the older country in the results achieved.

Before taking up these pioneer banks in the order of their actual opening for business, it will be profitable, perhaps, to briefly survey the country at that period.

CONDITION OF THE COUNTRY IN 1816

The United States had just emerged from the war with Great Britain. Incredibly soon after the treaty of peace had been signed, December 24, 1814, the people returned to their respective vocations and set about the process of rehabilitation. It was the Government that had suffered most. The money of the country was in a condition of demoralization difficult to describe or understand. The sources of issue exceeded four hundred in number. Much of the "wild-cat" money, as it was called, was counterfeit and much of it came from alleged banks that had no existence. The charter of the United States Bank, founded by Alexander Hamilton, had expired in 1811 and a re-charter was defeated in Congress. Now a twenty-year charter for a national bank with a capital of $35,000,000 was readily obtained. The Government subscribed seven millions of this, while the bank paid the Government a bonus of a million and a half for the charter. Elson states that this had a wonderful effect in restoring confidence, and that in a short time the national debt was steadily decreasing, while the people were busy, prosperous and happy.

"Soon after the coming of peace the country was flooded with all manner of merchandise from England, and the people, seeing their new industries threatened, called upon Congress to protect by tariff laws what the embargo and the war had protected for them before. The response was the tariff of 1816, fathered by William Lowndes, of South Carolina. By this tariff duties were raised to an average of about 20 per cent., and this not only greatly increased the revenue, but proved ample for protection; and the busi-

ness of manufacturing increased and flourished throughout the land." [1]

While the War of 1812 had cost the United States 30,000 lives and a hundred million dollars, and the capital had been captured and burned, it was deemed successful from the American standpoint, for it had brought commercial independence and a final separation from European affairs, proving that the United States could hold their own against the greatest naval power on earth and that our republican form of government was not to fail, as had been so gleefully predicted by its enemies. With the reawakened national consciousness came prosperity, and that wonderful tide of immigration that has not yet ceased. The one disturbing and demoralizing condition was the debasement of the currency, and this caused untold hardship, particularly among the working classes. It was a period of active philanthropy, when thoughtful men and women in America as well as in Europe were seeking in every possible way to relieve the sufferings of the masses and at the same time institute a system that should abolish poverty.

EFFORTS TO RELIEVE THE POOR

In this quest, every conceivable agency,—even to the lottery,—was resorted to. The historian Keyes gives a list of forty or more institutions which were organized in New York alone, about this time, all intended to relieve the sufferings of the poor. Nearly all of these long since passed away, but it may be worth while to mention one that still exists, viz.: The Society of Tammany, or Columbian Order in the City of New York, incorporated in 1805. This was originally a charitable organization "for the purpose of affording relief to the indigent and distressed members of the said association, their widows and orphans and others who may be found proper objects of their charity." Keyes suggests that the Association may have been originally formed "as a burlesque upon the various friendly societies springing up in the country upon the model of similar insti-

[1] Elson, History of the United States.

tutions in Great Britain; the object being to ridicule the growing practice of importing our institutions from the country from which we had so recently declared and established our independence."

Legislation looking to the abolition of poverty was sought in the different States, even to the extent of fixing a minimum wage for artisans and laborers, but of course all such projects were foredoomed to failure. It was then that the attention of these same thoughtful men was attracted by the success of the first Savings Banks in Great Britain, and the determination was reached to establish similar institutions in the New World. The benefits that flow from the blending of business and benevolence in the Savings Bank system were then practically unknown, but it was long ago discovered that pauperism and crime are close allies, and that public morals become more and more lax as poorhouses and workhouses increase.

A century ago there was very little manufacturing in this country, nearly everything, except the products of the soil, being imported. The limit of food production with the implements then in use had about been reached, and there was even a fear that the food supply would not keep peace with the increasing population. However, immediately following the invention of the reaper, the number of bushels of wheat and other grains per acre, as well as the size of the farms, showed a remarkable increase.

One of the qualities of the Yankee which have made him famous the world over is his remarkable inventiveness, which leads him to do nothing by hand that may be done more quickly or more cheaply by machinery. As a result, more labor-saving devices are in use in the United States than in any other country.

CONDITIONS THEN AND NOW

Logically, if not inevitably, there came the factory system of industry. During and immediately following the Colonial times, American industrial methods and processes were very simple. The home was the seat of industry

where was done the work of spinning, weaving and cloth-making. With the advent of the new appliances brought into use by the inventive genius of the Yankee, came entirely new conditions. Great power looms and other complicated machinery could not be installed in the home, but had to be housed separately in factories, so goods instead of being handmade and homemade, became machine-made and factory-made and, largely by reason of the use of this efficient machinery, together with the superior intelligence and ambition of the American workman, the United States have been able to compete with lower-paid workmen in European countries and export and sell their surplus manufactures at a profit.

This factory system, however, is not without its disadvantages. One of its results has been the unnatural drain upon the rural communities and the concentration of great masses of the population in urban centers.

A century ago, only about 3 per cent. of the inhabitants of this country were to be found in cities, while the remainder lived in small towns and on farms and were dependent upon agriculture for subsistence. The number of people in the rural districts has so decreased that there are only about 36 per cent. of the population left to work the farms, yet it is a remarkable fact that, with only one-third of the labor, the farms of to-day produce enough to feed the entire population, and export, in addition, more than one hundred million dollars' worth of products annually. This is due to the wide use of labor-saving machinery and to the improved knowledge of how to raise and rotate crops.

It is a record that has never been exceeded in the history of the world.

A century ago there was nowhere on this vast continent a steam engine of any kind, not a mine, not a spinning frame, not a power loom, nothing that would now be called a factory; not an agricultural implement except the simplest forms of hoes, rakes and plows; very few roads practical for use the year round, few paved streets, and not an arti-

ficial canal. A century ago there was no Atlantic cable, no telegraph, no telephone, no wireless.

When the first Savings Bank was established in America, the population of the United States was 8,500,000 and there were but 246 banks in the country. Four years later there were ten Savings Banks, with 8,635 depositors and deposit accounts aggregating $1,138,576. Since that time the growth has been very great.

SAVINGS BANK STATISTICS

There were in the State of New York on January 1, 1916, 3,243,362 depositors in 140 Savings Banks, an increase for the year of 72,057. The total resources aggregated $1,974,046,375.62, an increase of $61,841,801.70. Average deposits amounted to $560.90. The amount due depositors was $1,819,206,937.91. The amount deposited during the year, not including dividends credited, was $412,502,363.32; amount withdrawn, $429,908,102.58; amount of dividends paid and credited during the year, $65,124,623.36. The increase in bond values enabled the banks to increase their surplus during the year by $14,419,-839.61, the total amount of such surplus on January 1, 1916, being $154,124,167.51 as against $139,704,327.90 for the year previous. Deposits showed an increase of $47,705,979.85.

Reports filed with the Comptroller of the Currency on June 23, 1915, showed that the resources of the 27,062 institutions of the United States, exclusive of the twelve Federal Reserve Banks, were nearly $28,000,000,000, or an average for each institution reporting of a little over $1,000,000. For the same period 140 Savings Banks, 201 banks of deposit and discount, 80 trust companies and 73 private bankers, a total of 494 institutions in New York State, reported total resources of over $4,670,000,000, or an average for each institution of nearly $10,000,000. The ratio of resources of the State institutions of New York against the total resources of institutions in the entire country is 16.8 per cent.

Trust companies and banks of deposit and discount had total resources on December 31, 1915, of $3,326,321,670, or nearly 12 per cent. of the total for the country.

The savings deposits of 630 Mutual Savings Banks reporting to the Comptroller of the Currency on June 23, 1915, were $4,319,000,000, of which amount $1,930,000,000 was contributed by the 140 Savings Banks in New York State, or nearly 45 per cent. of the total.

The capital, surplus and undivided profits of trust companies, banks of deposit and discount and private bankers for New York State on July 1, 1915, were $337,055,250, while the surplus of Savings Banks was approximately $138,020,085, which would make a grand total of $475,075,335, or more than 10 per cent. of the total of all banking institutions in the United States.

The reports of one hundred forty Savings Banks of the State of New York on the morning of July 1, 1915, showed the following condition:

	Total	*Increases during the year*
Resources	$1,930,596,230	$18,572,355
Due depositors	1,791,524,601	18,311,202
Market value surplus	138,020,085	98,263
Par value surplus	176,893,305	12,765,730
Interest paid or credited	64,369,705	2,759,206
Amount deposited during year	387,072,851	*53,249,993
Amount withdrawn during year	433,117,019	*20,195,467
Number of open accounts	3,202,659	21,411

* Decrease.

The following table shows the corresponding statistics for the year 1915:

Resources	$1,974,046,375.62
Due Depositors	1,819,206,937.91
Market value surplus	154,124,167.51
Par value surplus	183,009,554.05
Interest paid or credited	65,124,623.36
Amount deposited during year	412,502,363.32
Amount withdrawn during year	429,908,102.58
Number of open accounts	3,243,362

Institutions under the Supervision of the Banking Department of the State of New York. (January 1, 1916.)

Banks of deposit and discount	203
Banks of deposit and discount (branches)	98
Private bankers	88
Trust Companies	82
Trust Companies (branches)	47
Savings Banks	140
Safe deposit companies	47
Safe deposit companies (branches)	37
Investment companies	15
Investment companies (branches)	1
Personal loan companies	20
Personal loan brokers	1
Foreign corporation agencies	23
Savings and loan associations	251
Building lot associations	1
Land bank	1
Credit unions	17
	1,072

Increase of nearly $500,000,000 in the resources of these institutions for the year 1915 was recorded. The total resources at the close of the last fiscal year were $4,871,264,926, representing an increase of 11.2 per cent. The expense of supervision increased $1,205.60, or about one-half of 1 per cent. over the year previous, but the pro rata cost to the banks decreased. The expense is calculated and apportioned according to the resources of the banks. In 1914 the rate was 5.18 cents for each $1,000 of resources, while in 1915, owing to the increased resources, the rate dropped to 4.68.

COMPARISON OF DIVIDEND RATES

(STATE OF NEW YORK)

	January 1915	*July 1915*	*January 1916*
Number paying 4 per cent.	89	94	101
Number paying 4 and 4½ per cent.		2	2
Number paying 3½ per cent.	39	33	29
Number paying 3 and 4 per cent.	8	7	5
Number paying 3 and 3½ per cent.		1	
Number paying 3½ and 4 per cent.	3	3	3
Number paying 3 per cent.	1		

BANKS SHOW UNPARALLELED GAINS

Under the conditions of business throughout the United States and the operation of the Federal Reserve Bank Act, the aggregate resources of the national banks, State banks and trust companies increased 25.51 per cent. over those

of June 30, 1913, which was a few months before the Federal Reserve Act went into effect, according to the report of Controller of the Currency John Skelton Williams, issued October 31, 1916. This increase, according to the Controller, is greater than the total resources of the national banks in January, 1904; it surpasses all records and has no parallel in the financial history of this or any other country. A distinguishing feature is the widespread and general distribution of the money and available credit and capital of the people. The growth and increase in banking resources is confined to no particular section or district of the country. The banks and trust companies are lending to the people $3,243,000,000 more money than they were lending three years before the inauguration of the new currency system.

During these three years the deposits in all the banks of the country increased $6,242,000,000; the increase in the national banks was 33.56 per cent., and the increase in the State banking institutions, including State banks, Savings Banks, and trust companies was 29.26 per cent. In the Eastern States the largest increase was in New York, 41 per cent., followed by Pennsylvania, 17 per cent., New Jersey, 17 per cent., and Maryland, 17 per cent. The only three States in the Union which showed a reduction in their State banking institutions, were Alabama, Mississippi and Oregon, while in each of these States, during the same period, deposits in the national banks showed large increases. The four States showing the highest percentage of increase in deposits were Oklahoma, 54 per cent., Arizona, 53 per cent., North Dakota, 52 per cent., and Wyoming, 49 per cent.

CLOSED SAVINGS BANKS

Following is a statement showing the closed Savings Banks in the State of New York, the years they were chartered and closed, the rate per centum of dividends declared, unclaimed dividends deposited with the Superintendent of Banks, the amount disbursed to claimants, and the balance of unclaimed dividends:

Year chartered	Year closed	Name of Institution	Rate per cent. of dividend declared	Unclaimed dividends deposited with superintendent	Paid by superintendent to claimants	Balance unclaimed
1869	1876	Abingdon Square Savings Bank.	48	$930.37	$481.78	$448.59
1860	1876	Bond Street Savings Bank, N. Y.	86⅔	21,132.88	10,442.01	10,690.87
1868	1871	Bowling Green Savings Bank...	35	3,994.29	19.56	3,974.73
1867	1875	Central Park Savings Bank....	30	1,497.76	704.19	793.57
1857	1880	Central Savings Bank, Troy*...	100	49.72	.....	49.72
1866	1880	Chautauqua County Savings Bank*	100	2.24	.....	2.24
1870	1877	Clairmont Savings Bank	15	501.90	17.98	483.92
1868	1877	Clinton Savings Bank	68.169	831.91	81.14	750.77
1868	1877	Coxsackie Savings Institution*..	100	258.32	19.60	238.72
1869	1884	Eleventh Ward Savings Bank*..	100	1,833.19	147.25	1,685.94
1869	1880	Equitable Savings Institution*..	100	150.49	45	150.04
1892	1899	Fulton County Savings Bank*..	100	26.32	4.22	22.10
1868	1877	German Savings Bank of the Town of Morrisania.....	46 1–6	3,656.86	1,488.39	2,168.47
1866	1875	German Uptown Savings Bank.	64	5,598.70	1,142.92	4,455.78
1904	1908	Guardian Savings Bank, Brooklyn*	100	888.27	700.03	188.24
1871	1879	Haverstraw Savings Bank.....	75	596.04	327.21	268.83
1866	1880	Hope Savings Bank, Albany*...	100	320.71	.....	320.71
1871	1880	Mechanics' Savings Bank, Brooklyn*	100	329.39	.....	329.39
1852	1876	Mechanics and Traders' Savings Institution, N. Y.	71	14,315.91	7,055.48	7,260.43
1865	1883	Morrisania Savings Bank*.....	100	842.74	670.88	171.86
1868	1875	Mutual Benefit Savings Bank..	64	7,554.86	3,630.80	3,924.06
1869	1876	New Amsterdam Savings Bank..	77	429.79	9.20	420.59
1874	1879	Newtown Savings Bank*.....	100	1.40	.....	1.40
1869	1877	Oriental Savings Bank, N. Y...	60½	2,255.50	296.47	1,959.03
1868	1880	Park Savings Bank, Brooklyn*..	100	329.44	.....	329.44
1863	1875	People's Savings Bank, N. Y...	48 7–12	5,530.96	3,027.14	2,503.82
1869	1881	Port Jervis Savings Bank*.....	100	251.97	248.13	3.84
1867	1877	Saratoga Savings Bank	88	437.88	1.82	436.06
1868	1876	Security Savings Bank, N. Y...	61¼	1,865.72	628.81	1,236.91
1854	1878	Sixpenny Savings Bank, N. Y...	85.55	39,319.89	12,645.86	26,674.03
1854	1875	Third Ave. Savings Bank, N. Y.	19	895.15	465.91	429.24
1870	1876	Trades Savings Bank, N. Y.....	15	547.32	3.72	543.60
1873	1878	Union Savings Bank, Saratoga Springs	6	180.89	36.17	144.72
		Total	.....	$117,358.78	$44,297.12	$73,061.66

* Closed voluntarily.

In addition to the banks named above, the Washington Savings Bank was taken over by the Banking Department on Dec. 29, 1910, and three dividends aggregating 61 per cent. have been paid. The State Savings Bank, New York City, was closed by the Banking Department on Dec. 1, 1911, and dividends amounting to 54 per cent. have been paid. The liquidation of these two banks has not yet been completed.

STATISTICS OF SAVINGS BANKS IN AMERICA

For the year ended June 30, 1914, there were 2,100 Savings Banks (Stock and Mutual) in the United States.

These banks had 11,109,499 depositors and $4,936,591,-849.03 in savings accounts, an average of $444.35 to each depositor. About every ninth person has a savings account.

Of the 2,100 Savings Banks 634 are mutual institutions, having no capital stock. At the close of 1915, these had 8,274,000 depositors and $3,923,000,000 in savings accounts. The proportionate amount of business done by these banks is therefore about four-fifths of the total.

While the bulk of the savings deposits in the United States is greater than in any other country, in the amount of per capita savings, this country is surpassed by France, Norway, Sweden, Germany and Switzerland.

The Mutual Savings Banks are located largely in the New England States, where there are 412. In New York, New Jersey, Pennsylvania, Delaware and Maryland there are 199, and in Ohio, Indiana, Wisconsin and Minnesota there are 21, while there is one each in West Virginia and California. In the other States the Savings Banks are stock concerns. Of the total number of Savings Banks depositors, 3,634,000 are in New England and 3,181,000 are in New York, so that approximately six depositors in ten are residents of these seven States. These depositors have about three-fourths of all the Savings Banks deposits in the country.

From these figures it is apparent that the habit of thrift is confined to a comparatively small area of the country and to a comparatively small number of the people. What a remarkable exhibit would be made were all sections of the country as thrifty and provident as New England!

DEPOSITS IN THREE GREAT STATES

It will be interesting to note the aggregate deposits and number of depositors in the fiscal year 1915, in the States of Massachusetts, Pennsylvania and New York:

In Massachusetts 2,309,008 depositors had $899,279,596 on deposit in 195 Savings Banks. Pennsylvania, with only eleven Savings Banks (seven of which are in Philadelphia), had savings deposits

aggregating $242,575,384.94. Of this amount, the Philadelphia Savings Fund Society had $137,749,487.66; the Dollar Savings Bank of Pittsburgh, $34,379,915.43; the Western Savings Fund Society of Philadelphia, $37,975,373.91. New York State, although having fewer Savings Banks than Massachusetts, took the lead with 140 institutions, having aggregate deposits of $1,930,596,230 and 3,202,659 depositors.

SAVINGS DEPOSITS IN THE UNITED STATES

The appended table, taken from the annual reports of the Comptroller of the Currency, Treasury Department, showing aggregate savings deposits in the United States on that date, does not include Postal savings. The compilation includes 634 Mutual Savings Banks and 1,466 stock Savings Banks. Included with the figures are $157,172,-071.19 reported as subject to check without notice, $24,461,-209.50 demand certificates of deposit, and $4,366,000.29 certified checks and cashiers' checks outstanding. Statistics for California include figures for savings departments of commercial banks but not the number of such departmental banks, and the number of depositors have been estimated. Depositors for a small number of banks in various States have been estimated. So-called Stock Savings Banks of Ohio are included with commercial Savings Banks, and Michigan "Commercial and Savings Banks" have also been included.

NUMBER OF DEPOSITORS AND AVERAGE AMOUNT DUE EACH DEPOSITOR FOR THE YEAR ENDED JUNE 30, 1914

State	*Number of banks*	*Number of depositors*	*Amount of deposits*	*Average to each depositor*
			Dollars	*Dollars*
Alabama	(1)	(1)	(1)	(1)
Arizona	3	3,589	1,814,225.50	505.50
Arkansas				
California	137	876,663	458,215,671.00	522.68
Colorado	6	8,950	2,213,706.79	247.34
Connecticut	83	622,852	313,273,629.22	502.96
Delaware	2	34,176	12,054,855.18	352.73
Dist. of Col.	18	80,424	10,978,723.68	136.52
Florida	5	9,506	1,580,615.57	166.27
Georgia	30	54,748	12,491,635.49	228.17
Idaho	1	973	194,836.38	200.24
Illinois (2)				

State	Number of banks	Number of depositors	Amount of deposits	Average to each depositor
			Dollars	Dollars
Indiana	5	34,445	13,249,197.25	384.65
Iowa	791	607,878	217,038,520.92	357.03
Kansas	11	24,318	4,474,626.32	183.99
Kentucky	17	46,802	7,361,257.19	157.29
Louisiana	9	63,165	17,650,883.22	279.44
Maine	48	240,604	97,221,727.11	404.07
Maryland	52	289,585	109,663,346.61	378.69
Massachusetts	196	2,305,340	895,178,637.11	388.31
Michigan	190	544,898	174,138,267.66	319.58
Minnesota	10	144,568	32,829,622.43	227.08
Mississippi	17	15,331	4,908,623.09	320.20
Montana	2	5,644	2,246,869.17	398.10
Nebraska				
Nevada	1	1,789	1,475,197.14	824.59
New Hampshire	59	218,628	102,271,138.96	467.75
New Jersey	27	336,600	130,635,801.93	388.10
New Mexico	11	4,519	1,007,365.97	222.92
New York	140	3,181,023	1,771,560,808.38	556.91
North Carolina	28	56,199	10,338,466.24	183.96
North Dakota	2	4,690	910,102.06	194.05
Ohio	3	117,695	64,580,398.28	548.69
Oklahoma				
Oregon	9	15,493	5,668,193.35	365.93
Pennsylvania	12	500,465	218,843,715.05	437.28
Rhode Island	15	148,283	82,237,169.60	554.59
South Carolina	26	36,178	10,873,392.70	300.56
Tennessee	31	72,843	16,079,166.58	220.75
Utah	13	55,638	14,085,750.35	253.16
Vermont	21	117,584	52,939,223.30	450.22
Virginia	19	44,091	10,784,314.28	244.60
Washington	15	58,507	19,053,871.31	325.67
West Virginia	8	31,284	5,532,126.21	173.83
Wisconsin	24	84,296	27,862,359.52	330.53
Wyoming	3	8,695	1,073,810.93	123.50
Total	2,100	11,109,499	4,936,591,849.03	444.35

(1) Included with statistics for commercial banks.

(2) Included in reports of the Comptroller of the Currency in abstract of State banks having savings departments.

THE GROWTH OF SAVINGS DEPOSITS AS SHOWN BY THE REPORT OF THE COMPTROLLER OF THE CURRENCY

(From 1820 to and Including 1915)

Year	No. of Banks	No. of Depositors	Deposits	Average due each Depositor	Average per Capita in the U. S.
1820	10	8,635	$1,138,576	$131.86	$0.12
1825	15	16,931	2,537,082	149.84	.....
1830	36	38,035	6,973,304	183.09	.54
1835	52	60,958	10,613,726	176.72	.....
1840	61	78,701	14,051,520	178.54	.82
1845	70	145,206	24,506,677	168.77	.....

Year	No. of Banks	No. of Depositors	Deposits	Average due each Depositor	Average per Capita in the U. S.
1846	74	158,709	$27,374,325	$172.48	.....
1847	76	187,739	31,627,479	168.46	.....
1848	83	199,764	33,087,488	165.63	.....
1849	90	217,318	36,073,924	165.99	.....
1850	108	251,354	43,431,130	172.78	1.87
1851	128	277,148	50,457,913	182.06	.....
1852	141	308,863	59,467,453	192.54	.....
1853	159	365,538	72,313,696	197.82	.....
1854	190	396,173	77,823,906	196.44	.....
1855	215	431,602	84,290,076	195.29	.....
1856	222	487,986	95,598,230	195.90	.....
1857	231	490,428	98,512,968	200.87	.....
1858	245	538,840	108,438,287	201.24	.....
1859	259	622,556	128,657,901	206.87	.....
1860	278	693,870	149,277,504	215.13	4.75
1861	285	694,487	146,729,882	211.27	.....
1862	289	787,943	169,434,540	215.03	.....
1863	293	887,096	206,235,202	232.48	.....
1864	305	976,025	236,280,401	242.08	.....
1865	317	980,844	242,619,382	247.35	.....
1866	336	1,067,061	282,455,794	264.70	.....
1867	371	1,188,202	327,009,452	283.63	.....
1868	406	1,310,144	392,781,813	299.80	.....
1869	476	1,466,684	457,675,050	312.04	.....
1870	517	1,630,846	549,874,358	337.17	14.26
1871	577	1,902,047	650,745,442	342.13	.....
1872	647	1,992,925	735,046,805	368.82	.....
1873	669	2,185,832	802,363,609	367.07	.....
1874	693	2,293,401	864,556,902	376.98	.....
1875	771	2,359,864	924,037,304	391.50	.....
1876	781	2,368,630	941,350,255	397.42	.....
1877	675	2,359,314	866,218,306	361.63	.....
1878	663	2,400,785	879,897,425	366.50	.....
1879	639	2,268,707	802,490,298	353.72	.....
1880	629	2,335,582	819,106,973	350.71	16.33
1881	629	2,528,749	891,961,142	352.73	.....
1882	629	2,710,354	966,797,081	356.70	.....
1883	630	2,876,438	1,024,856,787	356.29	.....
1884	636	3,015,151	1,073,294,955	355.96	.....
1885	646	3,071,495	1,095,172,147	356.56	.....
1886	638	3,158,950	1,141,530,578	361.36	.....
1887	684	3,418,513	1,235,247,371	361.39	.....
1888	801	3,838,291	1,364,196,550	355.41	.....
1889	849	4,021,523	1,425,230,349	354.40	.....
1890	921	4,258,893	1,524,844,506	358.03	24.35
1891	1,011	4,533,217	1,623,079,749	358.04	25.29
1892	1,059	4,781,605	1,712,769,026	358.20	26.11
1893	1,030	4,830,599	1,785,150,957	369.55	26.63
1894	1,024	4,777,687	1,747,961,280	365.68	25.53
1895	1,017	4,785,519	1,810,597,023	371.36	25.88
1896	988	5,065,494	1,907,156,277	376.50	26.68
1897	980	5,201,132	1,939,376,035	372.88	26.56
1898	979	5,385,746	2,065,631,298	383.54	27.67
1899	987	5,687,818	2,230,366,954	392.13	29.24

Year	No. of Banks	No. of Depositors	Deposits	Average due each Depositor	Average per Capita in the U. S.
1900	1,002	6,107,083	$2,449,547,885	$401.10	$31.78
1901	1,007	6,358,723	2,597,094,580	408.30	33.45
1902	1,036	6,666,672	2,750,177,290	412.53	34.89
1903	1,036	6,666,672	2,750,177,290	412.53	34.89
1903	1,078	7,035,228	2,935,204,845	417.21	36.52
1904	1,157	7,305,443	3,060,178,611	418.89	37.52
1905	1,237	7,696,299	3,261,236,199	423.74	39.17
1906	1,319	8,027,192	3,482,137,198	429.64	41.13
1907	1,415	8,588,811	3,690,078,945	433.79	42.87
1908	1,453	8,705,848	3,660,553,945	420.47	41.84
1909	1,703	8,831,863	3,713,405,710	420.45	41.75
1910	1,579	9,142,908	4,070,486,246	445.20	45.05
1911	1,884	9,794,647	4,212,583,598	430.09	44.82
1912	1,922	10,010,304	4,451,818,522	444.72	46.53
1913	1,978	10,766,935	4,727,403,950	439.07	48.56
1914	2,100	11,109,499	4,936,591,849	444.35	49.85
1915	2,159	11,285,755	4,997,706,013	442.83	49.91

Population estimated at 100,125,000.

THE MORRIS PLAN

The Morris Plan of borrowing as well as investing money in small amounts, which first began business at the close of the year 1914, has proved a boon to the poorer classes, in the larger cities, especially in circumventing the "loan sharks." The Company has a cash capital of half a million dollars, is backed by some of the most substantial and reputable citizens of the State, and is fully authorized by the State Banking Department. The operation of the plan is very simple. Loans are made to individuals of small amounts, for a period not exceeding one year, on the basis of character and earning capacity.

The Company accepts no deposit accounts. The discounts and charges received from borrowers are used to pay operating expenses and interest on its certificates, and only after these are paid are the stockholders entitled to such dividends as the earnings will permit. Dividends on the Company's stock are limited to 6 per cent. on its book value. The Morris Plan is thus a plain business proposition intended to bring borrowers and lenders together on a basis whereby both are benefited and neither asks a favor of the other. The Company issues certificates of two kinds, each for $50 or multiples thereof, viz.: Investment Cer-

tificates in amounts from $50 to $1,000 bearing interest at 5 per cent.; and Installment certificates, payable in fifty equal weekly installments. When fifty equal installments have been regularly paid, 4 per cent. interest per annum is allowed on the aggregate amount paid, from and after the twenty-fifth payment, provided the same has not been pledged with the Company as security for a loan. This certificate, when fully paid up, may be exchanged for an investment certificate, bearing 5 per cent. interest per annum from the date of exchange.

The borrower executes a note for the amount of the loan, which must be signed by two or more co-makers, who thus become responsible for its payment. The Company must be satisfied that the borrowers and co-makers are responsible and of good character. For every $50 loaned, or part thereof, the borrower agrees to buy a certificate and to leave it with the Company as security. Weekly payments are required on these certificates. If the borrower fails to make his payments, the Company holds the co-makers responsible. Interest (discount) at 6 per cent. is deducted in advance. If the loan is made, but not otherwise, a charge of one dollar is made on each $50 or part thereof; no charge to exceed $5 if the loan is for $250 or more.

During the first fourteen months after beginning business, the Company made loans aggregating $1,128,460, to 9,512 borrowers, the average loan being $118; and in the forty cities where Morris plan institutions are in operation, loans aggregating more than $14,500,000 have been made to over 115,000 borrowers. Investment certificates aggregating $138,400, were issued to 1,047 persons.

The following statistics will be of interest:

BORROWERS

Men	14,882
Women	724
Average weekly income	$26
Married	10,965
Single	4,568
Supporting children	8,766

No. of children	21,493
Supporting others	10,625
No. of others	11,756
Real-estate owners	1,845

REASONS FOR BORROWING

Repay loan sharks	294
Pawns and chattels	470
Miscellaneous debts	3,068
Illness and births	2,606
Deaths	317
Weddings	198
Begin housekeeping	114
House improvements	253
Household expenses	1,286
Personal expenses	1,317
Education	321
Begin business	350
Business expansion	1,783
Mortgage and interest	334
Taxes	421
Rent	202
Help relatives	414
Vacation	536
Miscellaneous	619

POSITIONS OR OCCUPATIONS OF BORROWERS

Clerks	1,387
Post-office Employees	1,541
Other U. S. Employees	549
State Department and Court Employees	149
City Department and Court Employees	1,345
New York County	142
Firemen	1,073
Policemen	936
Proprietors and Partners	1,681
Managers	332
Secretaries and Stenographers	169
Foremen	193
Agents	311
Salesmen	786
Factory Operators	393
Machinists	159
Inspectors	137
Tailors	161
Artisans	145

Printers' trade	1,521
Teachers	157
Doctors and Dentists	87
Writers	27
Telegraphers and Dispatchers	186
Bookkeepers and Accounts	391
Public Service Employees	304
Transportation Company Employees	463
Miscellaneous	881

G. C. Brown

UNIV. OF MICH.

CHAPTER V

PIONEER SAVINGS BANK IN THE NEW WORLD

To Condy Raguet Belongs the Honor of Founding the First Institution of This Character to Open Its Doors on This Continent, The Philadelphia Saving Fund Society—Facsimile of the First Account Opened—Brief History of the Society, Now One of the Greatest in the World—Biography of President Purves.

To Condy Raguet, a century ago one of the leading citizens of Philadelphia, belongs the honor of being the father of the Philadelphia Saving Fund Society, the first institution of the kind to open its doors in America. It is a unique distinction, and no man better deserves or would more worthily bear it were he alive to-day.

Condy Raguet was a native Philadelphian (born, 1784), and one of the prominent and substantial citizens of his time. Lawyer, banker, merchant, soldier, political economist, statesman, his career was as varied and useful as it was brilliant. He matriculated at the University of Pennsylvania, leaving before graduation to take up mercantile pursuits. In the War of 1812, he served with distinction, attaining the rank of colonel. In 1820 he was admitted to the bar. From 1822 to 1827 he was United States consul at Rio de Janeiro, and as *chargé d'affaires* in 1825, negotiated an important treaty with the Brazilian government. After returning to his native city he engaged in journalism. He was a member of the Legislature and displayed characteristic activity in other directions, becoming particularly interested in banking. Among his published works are: "A Short Account of the Present State of Affairs in St. Domingo" (1804); "An Inquiry into the Causes of the Present State of the Circulating Medium in the United States" (1815); "On Currency and Banking"

(1839). He was an ardent exponent of free trade, and wrote on that subject, "The Principles of Free Trade," in 1835. He died in 1842. It is fitting that such a man should have had the honor of founding the first Savings Bank to open its doors in the New World.

Condy Raguet, after a life of varied and beneficent activity, lies buried in Hood Cemetery, a small graveyard in Germantown, a suburb of Philadelphia, where his last resting place is marked by a modest stone inscribed with his name and the usual date of birth and of death.

As was appropriately said of him at the Centenary Celebration of American Savings Banks, in New York City in May, 1916, by President G. Colesberry Purves, now president of the great institution which Condy Raguet founded a century ago: "His portrait hangs in the place of honor on the walls of the Society he established; but the seed of thrift which his hand sowed in the form of the Savings Bank has borne fruit a hundredfold in these institutions throughout the land, and they are the real monument to his memory."

FOLLOWING THE EUROPEAN EXAMPLE

A century ago, Mr. Raguet was the president of the Pennsylvania Life Insurance Company, which had modest offices in South Second Street, in the City of Brotherly Love. He was not only an active executive officer but kept in touch with events on the other side of the Atlantic, and when he noticed in one of the English journals glowing accounts of the success of the Savings Bank movement in the British Isles, inaugurated a few years before (1810), his alert mind naturally turned to the possibility of similar beneficial results in this country. Mr. Raguet was a man of action rather than a dreamer or theorist. It is related that on or about the 20th of November, 1816, while on his way to his office, and at the southeast corner of Fourth and Chestnut streets, he met an intimate friend,—Richard Peters, Jr.,—to whom he suggested the expediency of establishing a savings institution in Philadelphia.

The idea seems at once to have taken a strong hold on the minds of these two gentlemen, for subsequently on the same day they met Thomas Hale and Clement C. Biddle, in the latter's office, and after discussing the subject for some time all agreed upon the propriety of establishing a Savings Bank without delay. Accordingly it was decided to call a meeting of a few prominent citizens on the following Monday to consider and act upon the suggestion of Mr. Raguet.

On Monday, November 25, 1816, five of the twelve gentlemen who meanwhile had agreed to unite for the purpose of establishing a Society after the plan of the Savings Banks of Great Britain—Condy Raguet, Thomas Hale, John Strawbridge, John C. Stocker and John McCrea—met at the office of the Pennsylvania Life Insurance Company in South Second Street. It was decided to establish a Society under the direction of twelve Managers (subsequently increased to twenty-five), for the purpose of receiving and investing small deposits.

At this meeting Mr. Raguet submitted the plan of such an association, together with some American and English publications, explanatory of the objects and principles of Savings Banks. This plan, after discussion, was amended and at an adjourned meeting adopted, constituting the Articles of Association under which "The Philadelphia Saving Fund Society" was organized. At the same meeting, Andrew Bayard, one of Philadelphia's most distinguished citizens, was unanimously elected president of the Society.

The plan of the association having been acted upon, the necessary officers elected, committees appointed to conduct the business of the association, by-laws adopted, and the contingent expenses provided for by the voluntary contributions of the Managers, the business of the association was commenced and continued up to March 31, 1819.

The Society's office was also the office and residence of its first treasurer, George Billington, of whom it is stated on high authority that at night he slept with the deposits and a revolver under his pillow.

On the 25th of February, 1819, an Act of the Legislature incorporating "The Philadelphia Saving Fund Society" was approved by the Governor of the Commonwealth and accordingly, the trustees under the articles of the association, viz.: William Jones, the president, and Jonathan Smith, the cashier of the United States Bank, transferred all the assets to the incorporated society.

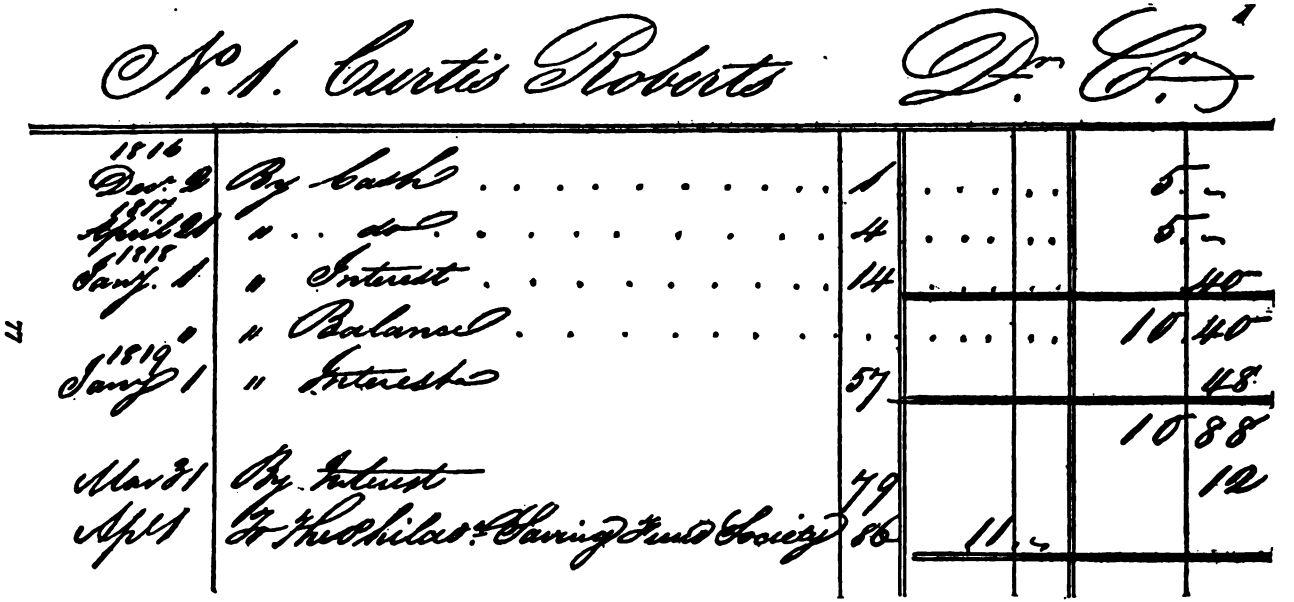
It will be remembered that in 1816 these societies in England were purely voluntary, having no sanction in, nor protection from the law; hence it is only natural that the form they should first assume in this country should be voluntary and unincorporate. The necessity or importance of a corporate existence was an after consideration, suggested by experience or in accordance with such action taken here and abroad. Boston led the world in the incorporation of the Provident Institution for Savings, on December 13, 1816, and it was not until July of the following year that the British Parliament passed the necessary act for the incorporation of similar institutions in that country.

THE FIRST SAVINGS DEPOSIT IN AMERICA

On Monday, December 2, 1816, the office of the Society was first opened for the transaction of business on the west side of Sixth Street, nearly opposite Minor Street, next door to Rubicam's well-known tavern. *This was the first Savings Bank to open its doors in America.*

The first deposit made in this institution,—which was the first in the New World,—was handed in by one Curtis Roberts, a colored laborer, who on that ever-memorable day,—December 2, 1816—deposited five dollars with Treasurer Billington and received a little passbook with the proper entry. This humble citizen of the Republic performed the worthy act all unconscious of the fact that by so doing his name would go down in history, or that that little seed was destined to germinate, in the space of a century, into billions!

At first the office was open on Mondays, only to receive



No. 1. Curtis Roberts Dr. Cr.

1816 Dec. 2	By cash	1		5	
1817 April 24	" do	4		5	
1818 Jany. 1	" Interest	14			40
"	" Balance			10	40
1819 Jany 1	" Interest	57			48
				10	88
Mar 31	By Interest	79			12
Apl 1	By The Philad.a Saving Fund Society	86	11		

FACSIMILE OF THE FIRST SAVINGS BANK ACCOUNT OPENED IN THE WESTERN HEMISPHERE

The depositor was one Curtis Roberts, a colored laborer, who deposited $5. in the office of the Philadelphia Saving Fund Society, at No. 22 South Sixth Street, December 2, 1816.

deposits, and on Thursdays, only for payments; and it was not until 1835 that deposits and payments were made on both days, although the office was open on all week days for general business. In 1865 it was open daily for business of every kind.

MANY CHANGES OF LOCATION

In the year 1818 the office was removed to the east side of Sixth Street, southeast corner of Minor Street.

In the year 1821 the office was removed to the west side of Decatur Street, between Sixth and Seventh Streets.

In 1826 the office was removed to the southeast corner of Third and Walnut Streets, on the second floor.

In 1827 the Society purchased the house and lot No. 304 Walnut Street, and in the month of October of that year the office was removed to this building.

The first building erected by the Society for its office was the marble front building No. 306 Walnut Street, now owned and occupied by the Royal Fire Insurance Company. This was an important event in the history of the Society, and was marked by appropriate ceremonies. The Building Committee consisted of three of the Society's Managers, Messrs. Horace Binney, John J. Vanderkemp and Francis Gurney Smith. Thomas U. Walters was the architect.

In 1869 the office of the Society was removed to the building which it now occupies,—700–710 Walnut Street,—the constantly increasing business of the institution making more commodious accommodations for the depositors imperatively necessary.

AMPLER FACILITIES FOUND NECESSARY

The property was purchased, and a fireproof building erected under the supervision of a committee of the Managers, consisting of Messrs. Joshua B. Lippincott, S. Morris Waln, Joseph Harrison, Jr., Edward Shippen and Alexander Biddle.

Such had been the rapid increase in the number of the

depositors, that in October, 1882, the attention of the Managers was called to the necessity of providing additional accommodations for its office, in order to facilitate the transaction of its business and to provide for future wants. A committee was appointed on the subject, and after careful consideration they recommended the purchase of the adjoining property on Walnut Street for the purpose of increasing the size of the office, and adding such improvements as would facilitate the carrying out of the benevolent work of the Society. The Board of Managers concurred in the recommendation of the committee, and authorized the purchase of the property named. A committee was appointed, consisting of Messrs. Joshua B. Lippincott, Samuel Field, Edward Shippen, Edward S. Buckley, and Pemberton S. Hutchinson, to superintend the new buildings, which have since been enlarged by a seventy-five-foot addition to the west, giving a total frontage on Walnut Street of one hundred and fifty feet.

SOME FEATURES OF THE CHARTER

The fact has been noted by historians of the subject as somewhat remarkable, that while Savings Banks had their inception in this country as a practical fact in the State of Pennsylvania, through the voluntary unincorporate association of a few philanthropic citizens, they have never attained in that State the rank and consequence of a general system pervading the Commonwealth. In explanation of this fact, the president of the Society, G. Colesberry Purves, says:

> It is remarkable that while the Savings Bank had its birth in Pennsylvania, their growth there has been very small, only eleven, in comparison with the neighboring States to the east; where indeed almost all the Mutual Savings Banks are located. This may be in a measure due to the Building Association, which, like the Savings Bank, imported from Great Britain, had its rise in Pennsylvania in 1831, and now number 1,766 in that State. Further it should be said that no general Savings Bank Act was adopted in Pennsylvania until 1889; so that almost all of the eleven Savings Banks there act under special charters granted by the State.

As in the earlier charters granted in the State of New York, the corporators were designated as Managers. These were limited in number to twenty-five, of whom five constituted a quorum; but at least thirteen members were required to be present in order to declare or fill any vacancy in their number; and two-thirds of such number, or nine members, must agree upon such question in order to give it validity. No restrictions were imposed upon the managers with reference to the disposition of the moneys entrusted to their care, but, as a matter of fact, they have always been ultra-conservative.

Elaborate machinery was provided for the filling of vacancies occurring in the Board of Managers; each must be one of the five first approved by at least nine members of the board, and preferred from five by a council of high judicial officers.

Each Corporator of the Society, upon its organization, contributed $10, forming a fund of $250, with which to defray necessary expenses. The Managers took each his turn in performing the clerical labor incident to the bank's operation, as the fund contributed was insufficient to pay clerk hire.

The rate of interest was fixed in the charter at 4.8 per cent. This, by agreement with the depositors, was changed to 4 per cent. until the Society should be able to pay a higher rate. For a few years—1859 to 1864—the rate was 5.4 per cent., but finding that this depleted the surplus, the authorized rate was renewed. The lowest rate paid was 3 per cent., from 1881 to 1907. The rate since 1909 has been 3.65 per cent.

ALL DIFFICULTIES SURMOUNTED

The Society, during the century of its existence, has passed through many seasons of trial but has emerged from them all with its integrity unimpaired and the confidence of the public in its stability constantly stronger and stronger.

At one time during the Civil War, a run on the Society depleted its deposits to the extent of 50 per cent., but the fact is pointed out that at the close of the excitement the institution was relatively stronger than at its beginning; that is to say, the surplus which, at the commencement of the panic was 12½ per cent. had risen by the reduction of the deposits to 19 per cent.

The experience of the Society in the panic of 1873 was less favorable, it being almost impossible to realize at all upon bonds and mortgages, while national, state and city bonds were readily disposed of at or above par.

The growth of the Philadelphia Saving Fund Society at first was quite moderate. At the close of the first month, the Society had sixteen accounts, aggregating $1,043. At the end of the thirteenth month of its operation the deposits aggregated only $8,945. When the funds were transferred to the Corporation on March 31, 1819, two years and four months after operations were commenced, they were $45,-114, belonging to 481 depositors. Thereafter, the deposits increased more rapidly, amounting in 1821 to over $200,-000. During the generally disastrous year of 1873, the Society paid to depositors $712,445, against $422,699 received. In the following year, however, there was received $459,711, against $449,085 paid out.

The Society's original charter required two weeks' notice for payments. This was afterward amended to sixty days for all sums over $300, although as a matter of fact, the longer notice has never been invoked by the Managers. The president of the Society, G. Colesberry Purves, is authority for the statement that while such notice was originally intended to apprise the bank of what demands would be made upon it, it has proved to be of advantage to the depositor as well, for it gives him time for reflection, and not infrequently change of mind, thus preventing unwise expenditure; also in times of panic it has stopped many hasty withdrawals by excited depositors.

LITIGATION OVER "UNCLAIMED DEPOSITS"

An event in the history of the Society worth recording is the attempt made, many years ago, by the State of Pennsylvania, or more properly speaking by its "Deputy Escheater," to recover about $700,000 "unclaimed deposits" which this sapient officer with the significant title held to be escheated to the State, as consisting of deposits of those who had died leaving no lawful claimants to the funds.

The Society very properly contested the suit, and the decision of the Supreme Court was against the Escheater, in the following words:

> The proceeding to escheat surplus funds being illegal, both in its object and its mode, the judge at *nisi prius* was right in enjoining it. The act is contrary to law and is prejudicial to the interests of the Society and its depositors. No one can doubt that an attempt to wrest from it its surplus funds, with the apparent approbation of the Court, must impair it and curtail its business, and might subject it to the seizure of its deposits, forcing it either to suspend payment or to impair its assets by sacrifices necessary to maintain its solvency.

This litigation cost the Society something over $10,000. In order to prevent similar raids in the future, an Act of the Legislature was passed, not long afterward, authorizing Savings Banks to hold a contingent or surplus fund of 15 per cent. At the same time the act provided that deposits upon which there had been no transactions for thirty years were to be turned over to the State, which made itself accountable to the principal whenever he should appear.

OFFICERS OF THE SOCIETY SINCE ORGANIZATION

The following is a complete list of the officers of the Society from date of organization to the present time:

Presidents: Andrew Bayard, 1816–1832; Thomas Hale, 1832–1833; John C. Lowber, 1833–1834; Clement C. Biddle, 1834–1855; John R. Neff, 1855–1855; Lewis Waln, 1855–1863; Caleb Cope, 1864–1888; Pemberton S. Hutchinson, 1888–1903; G. Colesberry Purves, 1903—.

Vice-Presidents: William Purves, 1884–1886; Pem-

berton S. Hutchinson, 1886–1888; G. Colesberry Purves, 1902–1903; James M. Willcox, 1903—.

Treasurers: George Billington, 1816–1835; George Greiner, 1835–1849; William Purves, 1849–1886; G. Colesberry Purves, 1887–1902; James M. Willcox, 1902–1903; Samuel Woodward, 1904—.

Secretaries: George Billington, 1816–1825; John C. Stocker, 1825–1826; George Billington, 1826–1835; George Greiner, 1835–1849; William Purves, 1849–1886; G. Colesberry Purves, 1887–1902; James M. Willcox, 1902–1903; Samuel Woodward, 1904—.

Assistant Treasurers: G. Colesberry Purves, 1884–1887; Oliver P. Cornman, 1902–1905; Thomas J. Beck, 1906—.

Assistant Secretaries: G. Colesberry Purves, 1884–1887; Samuel Woodward, 1902–1904; Alvin S. Fenimore, 1904—.

FINANCIAL STATEMENT

The Philadelphia Saving Fund Society to-day has the largest number of depositors of any Savings Bank in the United States, if not in the world, and ranks second as to the amount deposited, the Emigrant Industrial Savings Bank (New York City), being first.[1] The following table

[1] Under date of August 16, 1916, W. S. Cameron, Esq., a member of the Trustee Savings Bank Inspection Committee, London, England, wrote Alexander Cargill, Esq., Actuary of the Edinburgh (Scotland) Savings Bank, to whom the author had addressed a letter of inquiry as to the largest Savings Banks in Europe:

With reference to your query as to Savings Banks, if any, with larger business than you quote, I am not aware of any Savings Bank, other than the Post Office Savings Bank, which has attained larger results than those achieved in the United States. The Post Office Savings Bank is probably out with the class of institutions which you have in view, but anyhow its figures for 1914 were 9,281,370 depositors with £190,104,341 cash, £26,576,848 Stock to their credit, in addition to 4,233,444 small dormant accounts amounting to £428,867 Cash,—an average balance of £2/— only.

Of Trustee Savings Banks the largest is Glasgow with 272,923 accounts (not depositors, for some have more than one account) with £11,719,513 Cash and £744,464 Stock to credit in 1915, but this business is not done under one roof, for there are 16 branches besides the Central Bank.

Of other Thrift Institutions in the United Kingdom, I think the largest is the Yorkshire Penny Bank, with numerous Branches, now a Limited Liability Company with considerable alteration in its original constitution, which was purely philanthropic up to 1911, but has been proprietary since then, when

gives some idea of the volume of business transacted by the Society during the year 1915:

NUMBER AND AMOUNT OF DEPOSITS RECEIVED AND PAID DURING 1915

Months	*Number*	*Receipts*	*Number*	*Payments*
January	37,970	$2,741,653.80	18,392	$2,041,573.03
February	30,268	1,949,712.48	15,658	1,915,796.40
March	34,335	2,256,593.57	19,064	2,363,519.12
April	37,573	2,403,429.34	19,609	2,483,680.51
May	32,510	2,149,246.56	18,537	2,477,627.49
June	33,459	2,173,571.66	18,208	2,390,141.66
July	30,004	2,045,198.08	17,511	1,957,606.19
August	29,755	1,882,684.50	18,306	2,071,483.84
September	30,018	1,936,352.35	16,013	1,976,619.81
October	30,939	2,003,848.68	15,994	2,281,733.43
November	31,294	2,163,508.83	15,452	2,111,833.83
December	31,937	2,224,248.23	17,513	1,899,518.40
Total	390,062	$25,930,048.08	210,257	$25,971,133.71

The Society's investments are all of the very highest class, consisting of 260 different kinds of bonds, amounting

£2 Millions of Capital was needed to stiffen it. It had £20,157,809 due to depositors and other accounts in 1914, but the number of depositors is nct now published. In 1905 it was 518,854.

In the Dominions, I think the largest Savings Bank must be that of Victoria,—at one time purely local,—but now part of a system covering the State of Victoria with its branches and Agencies. In 1915 the Savings Bank of Victoria had 721,936 accounts (including 170,894 small inoperative balances), with £24,884,602 Cash and £159,426 Stock to their credit, representing the combined operations of 128 Banks and Branch Banks and 323 Agencies, about 24 per cent. representing the share of Melbourne with its 3 officers, and its 64 particular Agencies.

As to Savings Banks in Foreign Countries, my information is very scanty, but the largest seem to be in Germany judging by the returns of Hamburg which are the only ones I have before me. There are two Savings Banks in Hamburg, one established in 1827, the other in 1864. The former had in 1913, 287,756 accounts with 217,261,038 Marks to credit, say £11 Millions of funds. The other had 241,603 accounts in 1913 with 160,664,348 Marks to credit, say £8 Millions. It had also 74,554 School children's accounts with 592,625 Marks to credit, making together 316,157 accounts with balances amounting to 161,256,973 Marks. It had a Central Office, 10 Branches, and 88 Receiving Offices, whereas the older Bank seems to be conducted under one roof.

Comparisons based on the number of accounts are fallacious, for there is no common basis of dealing with small unclaimed balances, which one Savings Bank may include as operative accounts and another may exclude. The better test is the amount of liability due to depositors.

I fully expect that all the above statistics are already well known to you,—indeed you may have fuller and more recent data than I possess. Yet they may serve to confirm your own information and impressions.

The Savings Bank of New South Wales contains a larger separate unit than that of Victoria, for in 1913 there were 119,355 accounts at Sydney with £7,225,345 to their credit, distributed over a Central Office and 8 Branches. For the whole State the accounts were 149,913 with 8,974,829 to credit.

to: Railroad, $82,674,370 (par value); Public, $35,-331,070 (par value); bonds and mortgages, $14,669,085; real estate, $155,000 and cash, $7,477,777, making a total of $137,749,486.

AN INTERESTING COMPARISON

The Philadelphia Saving Fund Society, and the Emigrant Industrial Savings Bank, New York City, being two of the largest institutions in the world, the following comparative statement will be found interesting:

	No. of Depositors	*Am't of Deposits*	*Total Resources*	*Av. am't due each Depositor*
Phila. Sav. Fund Society	284,846	$125,522,321	$137,749,486	$440.67
Emigrant Industrial, N. Y.	165,572	148,557,398	159,141,939	897.23

From the date of the organization of the Society to January 1, 1916, 1,599,002 persons had opened accounts with it, of which 284,846 remained open at the last named date, aggregating in amount $125,522,321.59, and averaging to each depositor $440.67. The Society's surplus or contingent fund at that time amounted to $12,227,166.07. The present rate of interest to depositors is 3.65 per cent. per annum.

Under date of July 31, 1916, Mr. J. M. Willcox, vice-president of the Philadelphia Savings Fund Society, wrote the author as follows:

> This institution, without question, has more depositors than any other private institution in the United States, and in so far as we know more than any other in the world; but of the last statement I am not certain, as we have not at hand the reports of the Continental Savings Banks which, however, I believe are now all practically postal. In its report of November 20, 1915, the Edinburgh Savings Bank shows in its Ordinary and Special Investment Departments 100,829 open accounts. The number of our transactions also I believe naturally far exceed those of any other. The number of receipts in 1915 was 390,062, and of payments 210,257, and the average amount due to each depositor on January 1, 1916, was $440.67.

OFFICERS AND MANAGERS, JANUARY 1, 1916

Officers: President, G. Colesberry Purves; Vice-President, James M. Willcox; Ass't Secretary, Alvin S. Fenimore; Secretary and Treasurer, Samuel Woodward; Ass't Treasurer, Thomas J. Beck; Solicitor, J. Percy Keating; Finance Committee, Francis A. Lewis, Chairman; S. Pemberton Hutchinson, John T. Lewis, Jr., Thomas S. Gates, Edward H. Coates, Stevens Heckscher, G. C. Purves, *ex-officio.*

Managers: John T. Lewis, Jr., Edward H. Coates, Effingham B. Morris, Arthur E. Newbold, C. S. W. Packard, J. Rodman Paul, Charles E. Ingersoll, G. C. Purves. T. DeWitt Cuyler, Francis I. Gowen, John W. Pepper, Charles Biddle, George McCall, Henry H. Collins, Charles B. Penrose, M.D., John B. Morgan, James Logan Fisher, Alba B. Johnson, Francis A. Lewis, James M. Willcox, Pemberton S. Hutchinson, Thomas S. Gates, Stevens Heckscher, John Hampton Barnes, Edward F. Beale; Robert H. Fels, Comptroller.

REMARKABLE GROWTH OF THE SOCIETY

The following table shows the growth of the Society by ten-year periods in accounts, general deposit account and assets, from Dec. 1, 1816, to Dec. 31, 1916:

	Number of Accounts	*Bal. of General Deposit Account*	*Total Assets*
December 31, 1816 (One Month)	16	$1,043.52	$1,043.52
" " 1817	126	8,421.83	8,302.78
" " 1818	401	39,196.71	40,405.02
March " 1819 (transferred to Corporation P. S. F. S.)	481	46,502.39	47,118.15
December 31, 1826	3,677	615,385.14	622,456.08
" " 1836	9,662	1,477,698.84	1,540,031.09
" " 1846	11,010	1,738,115.72	1,899,319.58
" " 1856	18,042	3,099,702.86	3,474,259.89
" " 1866	22,398	4,608,753.25	5,151,593.31
" " 1876	48,995	12,864,990.60	13,891,628.73
" " 1886	112,314	27,110,714.59	29,366,399.41
" " 1896	165,198	41,576,204.44	46,549,237.68
" " 1906	259,770	85,966,863.34	94,020,623.75
" " 1915	284,846	125,522,321.59	137,749,487.66

PRESIDENT G. COLESBERRY PURVES

The president of the Philadelphia Saving Fund Society, G. Colesberry Purves, has held that responsible position since 1903, succeeding Pemberton S. Hutchinson. Mr. Purves is a native of Philadelphia (born, Dec. 18, 1843), the son of William and Anna (Kennedy) Purves. He was graduated from Yale University in 1864, with the degree of B.A., and from the University of Pennsylvania three years later, with the degree of LL.B.

Mr. Purves practiced law at the Philadelphia Bar from 1867 to 1885, and then accepted the position of assistant treasurer of the Philadelphia Saving Fund Society, becoming its treasurer in 1867, vice-president in 1902 and then its president. He is vice-president of the Mortgage Trust Company, a director in the Insurance Company of North America, the Farmers and Mechanics' National Bank, the Mutual Insurance Company and the Society for Organizing Charity. In politics he is an independent; in religion, a Presbyterian. He is president of the Philadelphia Lying-in-Charity, and the Union Benevolent Association; trustee of the Jefferson Medical College Hospital; member of the Sons of the Revolution. Clubs:—Rittenhouse and University.

SYNOPSIS OF THE PROVISIONS OF THE CHARTER OF THE PHILADELPHIA SAVING FUND SOCIETY, INCORPORATED FEBRUARY 25, 1819

PREAMBLE

WHEREAS, A voluntary association of a number of the citizens of Philadelphia and its neighborhood, under the title of the "Philadelphia Saving Fund Society," has for some time existed, and has been established for the sole purpose of receiving and investing in public stock, or substantial security on real estate, such small sums as may be saved from the savings of tradesmen, mechanics, laborers, servants and others, and of affording to industrious persons the advantages of security and interest; and,

WHEREAS, The members of this Society, by their memorial to the Legislature, have prayed to be perpetuated and brought into legal existence, by being incorporated and established by law, with per-

petual succession, for the purpose of receiving, holding, and improving, in such way as to them as may seem proper, all such real and personal estate as the said institution shall become possessed of, or entitled to by gift, grant, devise, bequest, purchase, deposit, loan and payment, for the purposes of the said institution,

THEREFORE, BE IT ENACTED, etc.:

1. Twenty-five persons named as corporators, who, with their successors, are, in most elaborate terms, constituted a body politic and corporate.

2. Rules and regulations for the conduct of the institution incorporated in the Act, substantially as follows:

1. Conduct of the institution committed to the twenty-five corporators, styled managers.

2. No emoluments to be received by the president or managers for their services.

3. Moneys deposited to bear interest at the rate of 4 8/10 per cent., and to be repaid on two weeks' notice, with interest to the time of notice.

4. Various provisions regulating the details of transacting business, etc.

James Savage (1784-1873)

Founder of the First Savings Bank incorporated in the World, "The Provident Institution for Savings in the Town of Boston" (Dec. 13, 1816)

UNIV.
MICH.

CHAPTER VI

BOSTON FIRST TO INCORPORATE

Massachusetts Leads the World in Giving Savings Banks the Sanction and Protection of the Law—"The Provident Institution for Savings in the Town of Boston," Incorporated December 13, 1816, the Second Savings Bank to Open Its Doors in America—James Savage Its Father and Founder—Copy of the Charter—Officers Since Organization—Deposits by Ten-Year Periods.

To the "Old Bay State" belongs the honor, conceded to her by all Savings Banks historians, of being the first authority in the world to throw around Savings Banks the sanction and protection of the law. Massachusetts was well to the fore in noting the instant success of these institutions abroad and in planning to duplicate them on this side of the Atlantic.

One of the first men in the New World to interest himself in the subject was James Savage, of Boston. While on a visit to his friend Benjamin Vaughan, at Hallowell, Maine, in 1816, the plans and address of the London Provident Institution, which had been started a few years previously, fell into his hands, and he at once became deeply interested. Being a practical rather than a theoretical philanthropist, Mr. Savage at once saw the great importance of this new means of contributing to the welfare of the working classes and gave it his whole-hearted support. Upon his return to Boston a few weeks later he at once sought to interest other prominent and influential residents of "The Hub" in the worthy project. His efforts met with instant success.

Mr. Savage was born in Boston, July 13, 1784; was graduated from Harvard College in 1803; admitted to the

bar in 1807; was made a member of the General Court of Massachusetts in 1812, and subsequently a senator and member of the Governor's Council, and a member of the Convention to revise the Constitution, in 1820. He was an overseer of Harvard College from 1838 to 1853. Mr. Savage was an antiquarian and genealogist of note, and a member of the American Academy of Arts and Sciences and of the Massachusetts Historical Society, and also one of the founders of the Boston Athenæum. He was connected with the Boston Institution for Savings, which he founded, in various capacities, till 1862. He died, March 8, 1873, full of years and honors, and with the sincere respect and esteem of all his associates.

Mr. Savage's only son, James, was killed in action in the Civil War.

The hopes and ideas of the founders of this institution were well expressed in their appeal for recognition to the Legislature of Massachusetts, as follows:

> It is not by the alms of the wealthy, that the good of the lower class can be generally promoted. By such donations encouragement is far oftener given to idleness and hypocrisy than aid to suffering worth. He is the most effective benefactor of the poor who encourages them in habits of industry, sobriety and frugality.

One of the first public announcements of the movement in Boston was contained in *The Christian Disciple,* for December, 1816, a small religious monthly, published in Boston. It follows:

> SAVINGS BANKS
>
> Under this novel title, it is proposed to form an institution in Boston, for the security and improvement of the savings of persons in humble life, until required by their wants and desires. A meeting of gentlemen has been called, and a large and respectable committee appointed to apply to the Legislature (now in session) for an act of incorporation, and to digest suitable rules and by-laws, to be proposed to an adjourned meeting. Similar institutions exist in England and Scotland; in the former place under the appellation of "Provident Institutions for Savings," and in the latter of "Savings Banks." The *Edinburgh Review,* No. 49, and the *Pamphleteer,* No.

14, contain essays on the subject, explaining their objects and principles, and narrating their beneficent effects. In Philadelphia it is proposed to establish one of these societies. We agree in the following sentiment, and wish every success to the laudible schemes contemplated: "It is not by the alms of the wealthy, that the good of the lower classes can be generally promoted. By such donations, encouragement is far oftener given to idleness and hypocrisy, than aid to suffering worth. He is the most effective benefactor to the poor, who encourages them in habits of industry, sobriety and frugality."

It seems certain that at the time of the publication of this notice the plans of the promoters must have been quite well matured, for the act to incorporate the Provident Institution for Savings, in the Town of Boston, was approved on the 13th of December, 1816, as stated above. With characteristic modesty the name of James Savage appears as the last in a list of forty-eight trustees or directors of the Society thus formed.

Evidently, the measure encountered in the General Court of Massachusetts little if any of the opposition which was exhibited in the Legislature of New York to the incorporation of the Bank for Savings in the City of New York and which prevented its legal authorization for several years. By reason of the prevailing bank failures and heavy losses to patrons, the very word "Bank" was looked upon at this time with suspicion. How far the exclusion of the word from the act of incorporation and the substitution of the more pleasing title of "Provident Institution," may have resulted in the easier sailing of the Boston charter, one can only conjecture.

The Boston institution was organized and commenced business in the following spring, promising to divide among depositors 1 per cent. quarterly, and more if practicable. The first dividend was declared in July following, according to the terms of this promise. Within five years, the deposits had reached the sum of $600,000, and the surplus $6,200.

Boston at this time had a population of about 35,000.

THE CHARTER

As a matter of historical interest, a copy of the charter is given herewith:

AN ACT

TO INCORPORATE THE PROVIDENT INSTITUTION FOR SAVINGS IN THE TOWN OF BOSTON

SECTION 1. *Be it enacted by the Senate and House of Representatives, in General Court assembled, and by the authority of the same,* That his Honor William Phillips, John Phillips, Samuel Parkman, James Perkins, Thomas Dawes, John Lowell, Russell Sturgis, Jonathan Hunnewell, Josiah Quincy, John D. Williams, James Prince, Thomas K. Jones, Richard Sullivan, Redford Webster, William Little, Samuel Snelling, Jesse Putnam, Esquires; Rev. Thomas Baldwin, D.D.; Rev. William E. Channing, Rev. Charles Lowell, William McKay, Elisha Ticknor, Jonathan Amory, jun., Samuel H. Walley, John L. Sullivan, John Bellows, Joseph Coolidge, jun., John Richards, Ozias Goodwin, John Dorr, Samuel May, Gedney King, William Ropes, Andrew Ritchie, Edward Tuckerman, jun., William Harris, David Greenough, Thomas Motley, Benjamin Smith, David W. Child, Gideon Snow, Edward Cruft, Jacob Hiler, Jonathan Phillips, William Cochran, Nathaniel G. Snelling, Lewis Tappan, and James Savage,—be, and they hereby are, incorporated into a Society by the name, style, and title of "THE PROVIDENT INSTITUTION FOR SAVINGS IN THE TOWN OF BOSTON"; and that they, and such others as shall be duly elected members of the said Corporation, as is in this act provided, shall be and remain a body politic and corporate, by the same name, style, and title forever.

SECT. 2. *Be it further enacted,* That the said Society and Corporation shall be capable of receiving from any person or persons disposed to obtain and enjoy the advantages of said Institution any deposit or deposits of money, and to use and improve the same for the purposes, and according to the directions, herein mentioned and provided.

SECT. 3. *Be it further enacted,* That all deposits of money received by the said Society shall be by the said Society used and improved to the best advantage; and the income or profit thereof shall be by them applied and divided among the persons making the said deposits, their executors or administrators, in just proportion, with such reasonable deductions, and the principal of such deposits may be withdrawn at such times and in such manner as the said Society shall direct and appoint.

SECT. 4. *Be it further enacted,* That the said Society and Cor-

poration shall, at their Annual Meeting in December, have power to elect by ballot any other person or persons as members of the said Society.

SECT. 5. *Be it further enacted,* That the said Society may have a common seal, which they may change and renew at pleasure; and that all deeds, conveyances, and grants, covenants and agreements, made by their Treasurer or any other person, by their authority and direction according to their institution, shall be good and valid; and the same Corporation shall at all times have power to sue, and may be sued, and may defend, and shall be held to answer, by the name, style, and title aforesaid.

SECT. 6. *Be it further enacted,* That the said Society shall hereafter meet at Boston, some time in the month of December annually, and as much oftener as they may judge expedient; and any seven members of the said Corporation—the President, a Vice-President, Treasurer, or Secretary being one—shall be a quorum; and the said Society, at their meetings in December annually, shall have power to elect and choose a President, Vice-Presidents, and all other such officers as to them shall appear necessary; which officers so chosen shall continue in office one year, and until others are chosen in their room; and all officers so chosen shall be under oath to the faithful performance of the duties of their offices respectively.

SECT. 7. *Be it further enacted,* That the said Society hereby are, and forever shall be, vested with the power of making By-Laws for the more orderly managing the business of the Corporation; provided the same are not repugnant to the Constitution or Laws of this Commonwealth.

SECT. 8. *Be it further enacted,* That his Honor WILLIAM PHILLIPS, Esq., be, and he hereby is, authorized by public notification in two of the Boston newspapers, to call the first meeting of the said Society at such time and place as he shall judge proper.

In the House of Representatives, December 11, 1816. This bill, having had three several readings, passed to be enacted.

TIMOTHY BIGELOW, *Speaker.*

In Senate, December 13, 1816. This bill, having had two several readings, passed to be enacted.

JOHN PHILLIPS, *President.*

December 13, 1816. Approved.

JOHN BROOKS.

[An Act was passed in March, 1831, empowering the Institution to hold real estate in Boston to the amount of twenty thousand dollars.]

[An Act was passed in March, 1833, empowering the Provident Institution to purchase and hold real estate in the City of Boston to the amount of thirty thousand dollars.]

[An Act was passed February, 1854, authorizing the Institution to hold real estate to the amount of one hundred thousand dollars.]

OFFICERS SINCE ORGANIZATION

Presidents Since Organization: William Phillips, 1816–1827; Gardiner Greene, 1827–1832; Jonathan Phillips, 1832–1837; Peter C. Brooks, 1837–1848; William Appleton, 1848–1861; James Savage, 1861–1862; Francis C. Lowell, 1862–1864; John A. Lowell, 1864–1876; James S. Amory, 1876–1882; William Perkins, 1882–1887; Henry Lee, 1887–1898; Augustus Lowell, 1898–1900; William S. Dexter, 1900–1908; Arthur T. Lyman, 1908–1915; Louis Curtis, 1915—.

Treasurers: James Prince, 1817–1821; Elisha Ticknor, 1821–1821; Gardiner Greene, 1821–1824; James Savage, 1824–1838; Peter Wainwright, Jr., 1838–1873; Charles J. Morrill, 1873–1895; Henry Parkman, 1895—.

Secretaries: James Savage, 1816–1823; James Bowdoin, 1823–1832; Benjamin Guild, 1832–1834; Robert C. Winthrop, 1834–1838; William Parsons, 1838–1841; Edward Wigglesworth, 1841–1842; Amos A. Lawrence, 1842–1843; Charles Brown, 1843–1844; William T. Andrews, 1844–1851; Henry Lee, Jr., 1851–1852; Francis E. Parker, 1852–1855; William S. Dexter, 1855–1873; Edward I. Browne, 1873–1882; Henry Parkman, 1882–1895; Philip Dexter, 1895–1908; S. Huntington Wolcott, 1908–1916; Francis C. Gray, 1916—.

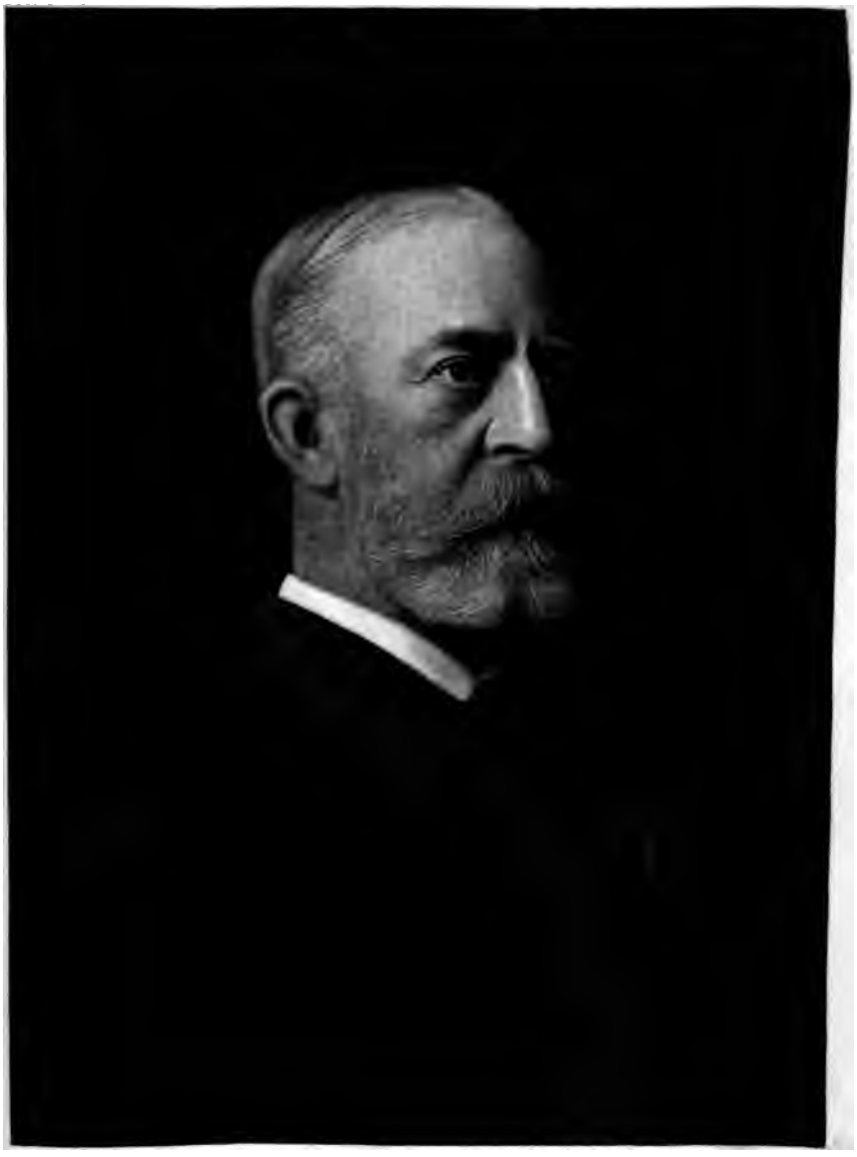
DEPOSITS BY TEN-YEAR PERIODS

The following table shows the deposits in the institution by ten-year periods, from the year 1820 to date:

1820	$233,034.53	1860	$6,501,950.96	1900	$38,629,876.17
1830	$986,959.29	1870	$10,648,365.76	1910	$48,748,507.70
1840	$2,071,095.59	1880	$21,559,360.03	1916	$54,151,489.98
1850	$3,330,068.80	1890	$29,582,543.44		

RATES OF DIVIDENDS PAID

Date	*Per cent.*	*Date*	*Per cent.*	*Date*	*Per cent.*
1817	2	1849	4	1880	4
1818	5	1850	4	1881	3
1819	5	1851	4	1882	3



Henry Hartmann

UNIV. OF MICH.

Date	Per cent.	Date	Per cent.	Date	Per cent.
1820	5	1852	4	1883	3.50
1821	5	1852 Extra	20.	1884	3
1822	4.50	1853	4	1885	3.50
1822 Extra	4	1854	4	1886	3.50
1823	4	1855	4	1887	3.50
1824	4	1856	4	1888	4
1825	4	1857	4	1889	4
1826	4	1857 Extra	20.	1890	4
1827	4	1858	4	1891	4
1827 Extra	9.210	1859	4	1892	4
1828	4	1860	4	1893	4
1829	4	1861	4	1894	3.50
1830	4	1862	4	1895	3.50
1831	4	1862 Extra	15.	1896	3.50
1832	4	1863	4	1897	3.50
1832 Extra	9	1864	4	1898	3.50
1833	4	1865	4	1899	3.50
1834	4	1866	4	1900	3.25
1835	4	1867	4	1901	3.50
1836	4	1867 Extra	20.	1902	3.50
1837	4	1868	5	1903	3.50
1837 Extra	9.50	1869	5	1904	3.50
1838	4	1870	5	1905	3.50
1839	4	1871	5	1906	3.50
1840	4	1872	5	1907	3.50
1841	4	1872 Extra	8	1908	4
1842	4	1873	5	1909	3.75
1843	4	1874	5	1910	3.50
1844	4	1875	5	1911	3.75
1845	4	1876	5	1912	3.75
1846	4	1877	5	1913	3.75
1847	4	1877 Extra	5	1914	4
1847 Extra	19.265	1878	4	1915	4
1848	4	1879	4	1916	4

PRESIDENT LOUIS CURTIS

Louis Curtis, who has been president of the institution since 1915, succeeding Arthur T. Lyman, was born in Boston, Massachusetts, March 2, 1849. He was educated at private schools at Vevey, Switzerland, 1859–1862, at Lycée Imperial, Rouen, France, 1862–1865, and by private tutors until 1867. In the year 1870 he was graduated from Harvard University, with the degree of A.B.

Mr. Curtis entered the house of Brown Brothers & Co., Boston, serving as agent and attorney from the year 1878, in succession to his brother, Daniel Sargent Curtis, who succeeded his father, Thomas B. Curtis, the founder of the house in Boston in the year 1844, representing the firms of Brown Brothers & Co., New York, and Brown, Shipley

& Co., London. Mr. Curtis is now resident partner of the above in Boston.

Mr. Curtis has been connected with the Provident Institution for Savings as a member of the corporation since 1885, trustee since 1886, and a member of the board of investment from 1890 to January 1, 1916, when he was elected president. He is at present a director and member of the finance committee of the Massachusetts Hospital Life Insurance Company; also director and president of the Essex Company, and a director of the Pacific Mills, Lawrence, Massachusetts.

OTHER OLD BAY STATE BANKS

Other early Savings Banks in the State of Massachusetts, given in the order in which their charters were granted, are:

Institution for Savings in Newburyport and vicinity, January 31, 1820.

Provident Institution for Savings in the town of Hallowell and vicinity, February 21, 1820. (Not organized.)

Institution for Savings in the town of Roxbury (since become a part of Boston) and vicinity, February 22, 1825.

New Bedford Institution for Savings, June 16, 1825.

Lynn Institution for Savings, June 20, 1826.

Provident Institution for Savings, in the town of Taunton and vicinity, February 26, 1827.

Springfield Institution for Savings, June 16, 1827. (Original charter limited the term of the corporation to thirty years.)

Institution for Savings in the town of Haverhill and vicinity, February 8, 1828.

Worcester County Institution for Savings, February 8, 1828.

Provident Institution for Savings in the towns of Salisbury and Amesbury, February 28, 1828.

Fall River Institution for Savings, March 11, 1828.

Plymouth Institution for Savings, June 11, 1828.

Lowell Institution for Savings, February 20, 1829. (Originally limited to thirty years.)

Warren Institution for Savings in the town of Charlestown, February 21, 1829.

Institution for Savings in the town of Barnstable, January 29, 1831.

Provident Institution for Savings in the town of Gloucester and vicinity, February 3, 1831.

Dedham Institution for Savings, March 19, 1831.

Institution for Savings in the town of Newton, June 17, 1831.

Institution for Savings in the town of Fairhaven, February 10, 1832.

Weymouth and Braintree Institution for Savings, February 16, 1833.

Savings Bank for Seamen, in the city of Boston, March 7, 1833 (name afterward changed to Suffolk Savings Bank).

Thus, prior to 1834, when the first general act regulating institutions for savings was passed in Massachusetts, twenty-four Savings Institutions were incorporated, all but two of which were organized and commenced business. Two of these, Taunton (chartered 1827), and Gloucester (chartered 1831), subsequently failed. The remainder appear to be still in successful operation.

It is regarded as somewhat significant that the word "Bank" is employed in but one, and that in the last in the above list.

CHAPTER VII

MARYLAND HEARS THE CALL

The Savings Bank of Baltimore the Third to Begin Business in the United States—Prominent Citizens and Capitalists Interested and Active—First Deposit Taken on March 16, 1818—Steady Progress Shown Since That Time—List of Presidents from Date of Organization, and Original Act of Incorporation.

It is believed that only two Savings Banks were incorporated in the United States prior to The Savings Bank of Baltimore, Md., viz.: the Provident Institution for Savings, Boston, and the Institution for Savings in the Town of Salem (Massachusetts) and Vicinity.

The Baltimore institution was chartered in December, 1818, two years after the pioneer bank in Boston had been authorized to begin business. So great was the interest taken in these new institutions by the more wealthy and independent, who assumed the responsibility of their management, as well as by the laboring, industrious and worthy in moderate circumstances who became in large measure the beneficiaries, that a similar interest was excited in other places. Essays were published in the daily papers urging the necessity and importance of Savings Banks and quoting from reports of such institutions already in operation in Scotland and England in confirmation of the hopes and expectations of those who advocated their establishment in this country.

In Baltimore, such gentlemen as the Rev. Dr. Kemp (afterward Bishop Kemp), William Lorman, Samuel I. Donaldson, Isaac Burneston, Joseph Cushing, Frederick W. Brune, Moses Sheppard, Chas. H. Appleton, Henry Brice, David Winchester, and other prominent citizens and capitalists were active in disseminating, influencing and promoting an interest in the subject.

THE PROJECT TAKES FORM

The first formal meeting of gentlemen interested in the worthy project in the city of Baltimore appears to have been on the first day of January, 1818, at Cadaby's, or Indian Queen, then the principal hotel of the city, located at the southeast corner of Baltimore and Hanover streets. At this meeting Dr. Kemp presided, and Mr. Isaac Burneston acted as Secretary. The important matter which had called them together was fully discussed, and in order to throw valuable light on the question some of the gentlemen present had fortified themselves with facts relating to the year's operations of Boston's Savings Bank (Provident Institution for Savings). These included the report of the treasurer, in addition to the constitution of the pioneer bank.

The subject was carefully considered from all angles, and before the meeting adjourned it was resolved that it was expedient to establish a "Provident Bank" in the city of Baltimore. A committee consisting of David Winchester, Charles H. Appleton and Henry Brice was appointed to prepare a constitution and report thereon at an adjourned meeting to be held on the 15th day of the same month, January, 1818.

At the adjourned meeting on the above date, Dr. Kemp being chairman and Mr. Burneston Secretary, the committee reported a constitution, which was read, discussed and adopted and an order passed that it be published, and that an election be held for directors on the first Monday of the following February.

On the first Monday in February (2d), 1818, an election for directors was held, resulting in the choice of the following twenty-five gentlemen, all prominent and influential citizens of Baltimore:

Daniel Howland, Frederick W. Brune, Wm. R. Swift, John Sinclair, Charles Warfield, Wm. Krebs, Thomas W. Griffith, Joseph Cushing, Alexander Lorman, Samuel I. Donaldson, John Hoffman, Roswell L. Colt, Alexander

Irvine, Isaac Tyson, John McKim, Wm. Child, Henry Brice, Evan T. Ellicott, William Hopkins, Thomas Sheppard, Moses Sheppard, John C. Richards, William Steuart, Richard Carroll, George S. Baker.

On the 6th of February, the directors-elect met, when Daniel Howland was chosen president, and the remaining twenty-four directors were allotted the different months of the ensuing year for duty as monthly committees of two.

Soon afterward, a special meeting of the directors was held when a code of by-laws was adopted. One of these by-laws provided that the office of the Bank should be kept open on Monday from 11 A. M. to 1 P. M. The salary of the secretary was fixed as $150 per annum. A committee was appointed to ascertain from the commercial banks whether the account of the Savings Bank would be kept by them and interest allowed thereon, and if so, at what rate.

ARRANGEMENTS MADE TO BEGIN BUSINESS

At a meeting held on the 10th of March, 1818, the committee reported that the Farmers and Merchants' Bank, of Baltimore, with a view to aiding the commendable enterprise, would keep the Bank's account for six months and allow interest at the rate of 5 per cent. per annum. This meeting also resolved to commence receiving deposits on Monday, March 16, 1818. Notice to this effect was given to the daily papers and handbills calling the attention to the promising new enterprise were printed and widely distributed.

At an adjourned meeting held January 4, 1819, it was decided that $8,000 of the bank's funds be invested in the 6 per cent. stock of the United States, provided the Farmers and Merchants' Bank should prefer paying over that amount to allowing interest on funds deposited with them. At this meeting a committee consisting of Samuel I. Donaldson, Richard Carroll and Thomas W. Griffith, was appointed to obtain a charter.

The bank was first opened for business at 100 Market

Street, on the 16th day of March, 1818. On the 25th day of May of the same year, 79 accounts had been opened, the total deposits being $1,568.85.

The report of the Auditors, dated January, 1820, was published soon afterward, showing the amount received from 256 depositors from March 16, 1818, to January 17, 1820, to have been $34,339.94, and that during the same period there was paid to depositors the sum of $14,340.83, leaving to the credit of depositors $19,999.11.

STEADY GROWTH SHOWN

The steady and uninterrupted progress of the bank from the day of opening to the present time is shown in the appended table:

Year	*Depositors*	*Deposits*
1819	.....	$12,990.
1825	.....	91,811.
1835	2,050	536,769.
1845	5,056	1,325,821.
1855	15,170	3,909,325.
1865	20,783	5,650,814.
1875	31,006	12,203,233.
1885	45,350	15,398,955.
1895	47,138	19,763,226.
1905	51,612	27,535,089.
1915	53,482	37,336,761.

Interest Payments In 98 Years

Interest	*Extra Dividends*		*Extra Dividends*	
1819 to 1889 ..... 4 %	1821	3½%	1860	6 %
1890 " 1898 ..... 3½%	1824	6 %	1866	9 %
1899 " 1907 ..... 3 %	1827	6 %	1869	10½%
1908 " 1916 ..... 3½%	1830	4½%	1872	10½%
	1833	6 %	1875	6 %
	1836	7½%	1892	1½%
	1839	6 %	1895	1½%
	1845	3 %	1907	½%
	1848	6 %	1910	½%
	1851	7½%	1913	½%
	1854	9 %	1916	½%
	1857	7½%		

Total Interest paid 98 years	374 %	Average	3.81%
Extra Dividends paid 98 years	119½%	"	
Total Interest and Extra Dividends paid in 98 years	493½%	"	5.03%

PRESIDENTS SINCE ORGANIZATION

The list of presidents, from the organization of the bank to date, follows:

Daniel Howland, 6th February, 1818; Charles Warfield, 6th February, 1822; Joseph A. Wallace, 4th February, 1824; Joseph Cushing, 19th August, 1825; Archibald Stirling, 26th June, 1852; David Baldwin, 3rd February, 1888; Sam'l McD. Richardson, 14th June, 1888; Wm. H. Conkling, 4th August, 1892.

Mr. Conkling entered the employ of the bank, as a clerk, in February, 1868; was made paying teller in 1872, serving as such until 1888; in that year he was elected assistant treasurer, then treasurer, and in 1892 was chosen president.

THE ORIGINAL ACT OF INCORPORATION

As a matter of historical interest, the original act by which The Savings Bank of Baltimore was incorporated, is given herewith:

AN ACT TO INCORPORATE THE SAVINGS BANK OF BALTIMORE

SECTION I.—*Be it enacted by the General Assembly of Maryland,* That Isaac Phillips, James Dall, John C. Keerl, George S. Baker, Elisha N. Browne, John C. Richards, Robert Neilson, Evan Thomas, Jr., Robert Miller, Charles H. Appleton, William Norris, John Gibson, Amos Browne, John Ready, Oliver H. Neilson, Samuel I. Donaldson, Nathaniel Williams, Richard Carroll, William Child, Marcus McCausland, Thomas L. Emory, Jr., John Gadsby, George Hoffman, John Hoffman, James Campbell, Luke Tiernan, Robert McKim, William Lorman, Fielding Lucas, Jr., James Mosher, John Brice, Henry Payson, Solomon Birckhead, John Sinclair, William Gwynn, William McMechen, John Mott, William Wilson, James Wilson, Thomas W. Griffith, John Merryman, Joseph Cox, Henry Schroeder, Daniel Chambers, Joseph K. Stapleton, O. H. Thomas, John H. Rogers, John Thomas, Jr., Abner Neal, Peter Hoffman, B. H. Mullikin, Isaac Burneston, Isaac McPherson, A. McDonald, Joseph Cushing, David Harris, Talbot Jones, Alexander Irvine, George Decker, William Browne, Ashton Alexander, Solomon Etting, George A. Dunkel, Maxwell McDowell, William Taylor, John Hewes, B. N. Sands, William Krebs, John McKim, Robert Miller, Thomas Ellicott, Edward Gray, James Hindman, John Ogston, Isiah Littler,

Jesse Hunt, Elias Ellicott, Andrew Ellicott, James Cheston, Robert Gilmor, Roswell L. Colt, John Oliver, James A. Buchanan, Solomon Betts, Peter Levering, Charles Worthington, William Hopkins, Evan T. Ellicott, Isaac Tyson, Moses Sheppard, William R. Gwinn, N. Brice, William Patterson, James Barroll, John Stricker, James Carey, William Cooke, Gerard T. Hopkins, George Roberts, William Tyson, Robert Smith, Henry Brice, James Carroll, Jr., David Winchester, A. J. Schwartze, William S. Moore, William R. Swift, William McDonald, C. C. Jamison, Christian Mayer, Jacob Small, John Gill, John Purviance, Henry Thompson, Alexander Brown, Thomas Tenant, Isaac McKim, James H. McCulloh, Jacob Rogers, William Steuart, Vonkapff & Brune, Daniel Howland, Wm. Jenkins, Thomas Sheppard, L. Matthews, John A. Morton, Jr., Henry P. Sumner, C. Deshon, Levi Hollingsworth, Alexander Lorman, Joseph Todhunter, William Gilmor, John Berry, and all and every other person or persons, hereafter becoming members of the Savings Bank of Baltimore, in the manner hereinafter mentioned, shall be, and are hereby created and made a corporation and body politic, by the name and style of The Savings Bank of Baltimore, and by that name shall have perpetual succession, and be capable, by law, to hold property, sue and be sued, plead and be impleaded, answer and defend, and be answered and defended, in courts of law and equity, or in any other place whatever, and to receive and make all deeds, transfers, contracts, covenants, conveyances, and grants, whatsoever; and to make, have, and use a common seal, and the same to change and renew at pleasure, and generally to do every other act or thing necessary to carry into effect the provisions of this act, and promote the design of said corporation.

SEC. II.—*And be it enacted,* That the said corporation shall annually, on the first Tuesday in February, in the City of Baltimore, or at such other time or place as by the by-laws or regulations hereafter to be adopted may be appointed, elect from the members of said corporation, twenty-five directors to serve for the term of twelve months, or until others shall be chosen, who during their term of service, shall have the sole management and direction of the concerns of said corporation, elect a President from their own body, and be authorized to make from time to time, as they may deem expedient, such by-laws, or other rules, for the regulation and government of themselves and the members of said corporation, and the same to change, add to, or amend, as may appear necessary or proper: *Provided always,* that such by-laws or rules be not contrary to the constitution and laws of the United States, or of the State of Maryland: *And provided also,* that said corporation shall not be authorized to make any bills or notes in the nature or description of bank notes, or to loan any part of the funds deposited to any Director of said corporation.

SEC. III.—*And be it enacted,* That said corporation shall be capable of receiving from any free person or persons any deposit or deposits of money, and that all moneys received, or to be received, shall be vested in public stocks, or other securities, and such interest be allowed to the depositors thereof as may from time to time be directed or provided for by the by-laws of said corporation, the surplus to be divided every three years among the depositors in such manner as the Directors for the time being may think proper, and that no member shall be liable in his person or property for any debts, contracts, or engagements of the said corporation, but that the money, property, rights, and credits of said corporation, and nothing more, shall be liable for the same.

SEC. IV.—*And be it enacted,* That the Directors of said corporation, or a majority of those attending at any meeting of the board, may elect by ballot any other person or persons as members of The Savings Bank of Baltimore.

True copy from the original law passed by both branches of the Legislature at December Session, 1818.

RICH'D HARWOOD,
Clerk Senate.

JOHN BREWER,
Clerk House Delegates.

STATEMENT, JANUARY 1, 1916

The statement of the Baltimore Savings Bank, of January 1, 1916, made in accordance with Section 36 of the Banking Law of Maryland, showed that the institution at that time had funds on hand amounting to $37,336,761.86; that there was due depositors, $34,397,848.03; that the guarantee fund amounted to $2,000,000; and that the undivided surplus (chargeable with nine months' accrued interest on deposits payable April 1, 1916), had reached $938,913.83. The number of open accounts on January 1, 1915, was 53,997; on January 1, 1916, the number was 53,482.

OFFICERS AND DIRECTORS

The officers and directors, Jan. 1, 1916, were as follows:

Officers: William H. Conkling, President; Charles C. Homer, Jr., Vice-President; Frederick A. Hoffman, Treasurer; Howard Ford, Asst. Treasurer.

Directors: James A. Gary, George C. Jenkins, Douglas H. Thomas, William H. Conkling, R. Curzon Hoffman, Blanchard Randall, Henry G. Hilken, Frank N. Hoen, Waldo Newcomer, John B. Ramsay, Charles A. Webb, Henry B. Vocke, Henry C. Matthews, George R. Willis, Frederick A. Hoffman, Harry Fahnestock, George A. Pope, Norman James, William H. Matthai, Frederick W. Wood, Charles H. Koppelman, Robert D. Hopkins, Arthur G. Wellington, Charles C. Homer, Jr., William B. Oliver.

CHAPTER VIII

SALEM SECOND TO INCORPORATE

List of the Original Incorporators and Copy of the Charter Granted by the Legislature, January 29, 1818—Statement Showing Remarkable Growth Since Organization—The School Savings Bank System Being Operated Successfully—Sketch of President Charles S. Rea.

To the Salem Savings Bank (originally incorporated Jan. 29, 1818, as "The Institution for Savings In the Town of Salem & Its Vicinity"), belongs the honor of being the second Savings Bank to be incorporated in the United States, the Provident Institution for Savings in the Town of Boston being the first (established by act of incorporation, December 13, 1816). Thus the Salem institution followed its famous prototype by only a little more than a year, and without doubt the success of the Boston pioneer was the animating cause.

It has been found impossible to obtain an account of the preliminary meetings for the purpose of organizing the Salem bank, but it is known that the first meeting of the members of the corporation was held on the evening of March 12, 1818, at which Willard Peele acted as chairman and John W. Treadwell, secretary. At this meeting by-laws were adopted governing the conduct of the institution.

PETITIONING FOR INCORPORATION

The petition to the General Court of Massachusetts (as the Legislature of that State was then designated), dated Jan. 7, 1818, recited that, "Whereas, 'Provident Institutions for Savings' have been found highly useful in Boston and other places where they have been established, We the subscribers hereby agree to become Members of such a So-

Chas. A. Rea

UNIV. OF MICH.

ciety for the Town of Salem, to be extended to the vicinity if it shall be thought expedient. The object of the Society is to receive deposits of money from such persons as may be disposed to make them, and to use and improve the same for their benefit, according to the principles of such associations, and under such regulations as may hereafter be agreed upon by the Subscribers, pursuant to the provisions of an act of incorporation if it can be obtained." This petition was signed by Charles Saunders, Benjamin Pierce, Richard Wheatland, Thomas C. Cushing, Nathan Robinson, Stephen Webb, Moses Townsend, Gideon Barstow, Henry Price, John Russell, Benj. H. Hathorne, Samuel Ropes, Abijah Northey, Ephraim Emmerton, Gideon Tucker, Daniel A. White, Benjamin Merrill, Benjamin R. Nichols, Ichabod Tucker, William Silsbee, Samuel Orne, Wm. P. Richardson, Joseph White, George S. Johonnot, E. Henry Derby, John H. Andrews, Joseph Waters, Ebenr. Seccomb, James Devereux, Jno. W. Treadwell, Jno. Derby, Nath. Peabody, Jno. Stone, Nathaniel Bowditch, Samuel Endicott, Ichabod Nichols, William Dean, John Prince, Jr., David Cummins, James Cook, Timothy Bryant, James Ch. King, Edward Lang, Philip Chase, George Nichols, E. A. Holyoke, Jno. Osgood, Willard Peele, Joseph Peabody, Joseph Story, B. Pickman, Jun., Jno. Pickering, Stephen White, Wm. Fettyplace, Robert Stone, Leverett Saltonstall, H. Devereux, W. Shepard Gray, John D. Treadwell, George Cleveland, Pickering Dodge, Dudley L. Pickman, Stephen Phillips, Jonathan Hodges, Amos Choate, Michael Webb.

THE ACT OF INCORPORATION

The Act of Incorporation seems to have met with no opposition, for twenty-two days later it was passed, in the form of "An Act to incorporate 'The Institution for Savings in the Town of Salem & its Vicinity.'" Being one of the very first charters granted in the United States, it is deemed of sufficient historical interest to deserve a place herein:

SECTION 1. Be it enacted by the Senate and House of Representatives in General Court assembled and by the authority of the same, That Edward Augustus Holyoke, Joseph Story, Benjamin Pickman, Jacob Ashton, Joseph White, Moses Townsend, Jonathan Neal, Joseph Peabody, Benjamin Pickman, Jun., Nathan Robinson, Nathaniel Bowditch, David Cummins, William Silsbee, Gideon Barstow, John Osgood, Willard Peele, Dudley L. Pickman, William Fettyplace, John W. Treadwell, Stephen White and Leverett Saltonstall, together with such as have associated with them, be and they are hereby incorporated into a Society by the name of "The Institution for Savings in the Town of Salem and its Vicinity," and that they, and such others as shall be duly elected members of the Said Corporation as is in this act provided, shall be and remain a body politic and corporate by the same name forever.

SECT. 2. Be it further enacted that the Said Society and Corporation shall be capable of receiving from any person or persons, disposed to obtain and enjoy the advantages of Said Institution, any deposit or deposits of money and to use and improve the same for the purposes and according to the directions herein mentioned and provided.

SECT. 3. Be it further enacted that all deposits of money, received by the Said Society, shall be by the Said Society, used and improved to the best advantage and the net income or profit thereof shall be by them applied and divided among the persons making the said deposits, their Executors or Administrators, in just proportion; and the principal of such deposits may be withdrawn at such reasonable times, and in such manner, as the Said Society shall direct and appoint.

SECT. 4. Be it further enacted that the Said Society and Corporation, shall at their first meeting, and at their Annual Meetings in January, have power to elect by ballot any person or persons as members of the Said Society.

SECT. 5. Be it further enacted that the Said Society may have a common Seal, which they may change and renew at pleasure; and that all deeds, conveyances and grants, covenants and agreements made by their treasurer, or any other person by their authority and direction, according to their institution, shall be good and valid, and the Said Corporation shall at all times, have power to sue and may be sued, and may defend and shall be held to answer by the name aforesaid.

SECT. 6. Be it further enacted that the Said Society shall hereafter meet at Salem, at such time in the month of January annually, and at such other times as the Society or the President thereof may direct, and any seven members of the Said Corporation, the President, a Vice President, Treasurer or Secretary being one, shall be a quorum, and the Said Society, at their meeting in January annually, shall

have power to elect and choose a president and all other such officers, as to them shall appear necessary; which officers so chosen, shall continue in office one year and until others are chosen in their stead, and the Treasurer and Secretary so chosen, shall be under oath to the faithful performance of the duties of their offices respectively.

SECT. 7. Be it further enacted that the Said Society hereby are, and forever shall be, vested with the power of making Bye-Laws for the more orderly managing the business of the Corporation; provided the same are not repugnant to the Constitution or Laws of this Commonwealth.

SECT. 8. Be it further enacted That John Osgood, Willard Peele and Stephen White, or any two of them, be and they hereby are authorized, by public notification in the two newspapers printed in Salem, to call the first meeting of the Said Society, at such time and place as they shall judge proper.

In the House of Representatives, January 28, 1818, this Bill having had three several readings, passed to be enacted.

TIMOTHY BIGELOW, *Speaker.*

In Senate January 29, 1818. This bill having had two several readings, passed to be enacted.

JOHN PHILLIPS, *President.*

January 29, 1818.

Approved.

J. BROOKS.

Secretary's Office Feb. 2, 1818.

A true copy, attest. N. BRADFORD,
Sec'y of Commonwealth.

The Bank opened for business April 15, 1818, and was open on every Wednesday from 12 to 1 o'clock.

On October 14, 1819, there were 255 depositors.

On February 25, 1843, the name of the institution was changed to the Salem Savings Bank, the original name being considered antiquated and cumbersome.

STATEMENT SHOWING GROWTH SINCE ORGANIZATION

The following statement, prepared by the officers of the institution especially for this work, shows its steady growth since organization:

Year	*No. of Depositors*	*Am't of Deposits*
Oct. 1818	184	$ *26,254.00
Apr. 1838	2,725	419,054.70
Apr. 1848	5,666	1,017,113.99
Apr. 1858	8,734	1,776,869.88

Year	*No. of Depositors*	*Am't of Deposits*
Apr. 1868	12,364	$3,192,183.70
Apr. 1878	15,521	6,118,644.03
Apr. 1888	16,676	6,779,793.65
Apr. 1908	16,845	7,987,616.98
Apr. 1915	20,948	10,505,826.02

Total amount of dividends paid to January, 1916, $16,599,043.99.
* Six months after organization.

FIRST OFFICERS AND INCORPORATORS

Officers:

President, Edward A. Holyoke; vice-presidents, Joseph White, Joseph Peabody, Benjamin Pickman, Jun., Joseph Story, Jacob Ashton, Moses Townsend; treasurer, William P. Richardson; secretary, John W. Treadwell; trustees, John Osgood, Willard Peele, Stephen Phillips, Jonathan Hodges, Dudley L. Pickman, Stephen White, William Fettyplace, Gideon Tucker, William P. Richardson, John W. Treadwell, Nathan Robinson, William Silsbee, Gideon Barstow, Pickering Dodge, Humphrey Devereux, Ebenezer Seccomb, with president and vice-presidents.

Incorporators:

Rev. John Prince, Rev. Samuel Worcester, Rev. William Bentley, Rev. Lucius Battes, Rev. Brown Emmerson, Rev. John E. Abbot, Rev. Thomas Carlile, John Andrew, John Forrester, Abel Lawrence, Benjamin Dodge, Joseph B. Felt, John Punchard, Ezekiel Savage, Joshua Ward, Jun., Joshua Ward, Edward Lander, Henry Pickering, Nathaniel L. Rogers, John W. Rogers, Nathaniel Knight, Benj. W. Crowninshield, Samuel Tucker, Isaac Newhall, Eliphalet Kimball, Jacob B. Winchester, Ben L. Oliver, Nathaniel West, Nathaniel West, Jr., Oliver Hubbard, Aaron Wait, Jeruthl Pierce, John Dodge, Joseph Orne, William R. Lee, James King, Ezra Northey, Benj. Webb, James Barr, John Barr, Michael Shepard, Edward Stanley, John Moriarty, John Crowninshield, Zach. F. Silsbee, Nathaniel Silsbee, Joseph Sprague, Joseph Ropes, Amos Hovey, Jno. Saunders, Joseph Torrey, William Procter. Of Marblehead: Robert Hooper, Nathaniel Hooper, William Reed, Rev. Saml. Dana, Rev. John Bartlett, Isaac Story, Joshua

Prentiss, Jr., George Barker, Joseph Wilson. Of Beverly: Rev. Abiel Abbot, Rev. Aliphant, Rev. Nath. W. Williams, Moses Brown, Thomas Stephens, Joshua Fisher, Robert Rantoul, William Burley, Nathan Dane, Thomas Davis. Of Danvers: Rev. Benj. Wadsworth, Rev. Samuel Walker, Fredrick Hawes, Joseph Osborn, Andrew Nichols, Thomas Putnam, George Osgood, Jepe. Putnam, James Brown, Ward Pool, Nathaniel Felton, Ebenezer Shillaber, Edward Southwick, John W. Osgood, Sylvester Osborn. Of Lynn: Dr. James Gardner, Robert W. Trevett, Jno. Phillips.

Presidents since organization: Edward A. Holyoke, 1818–1830; Joseph Peabody, 1830–1844; Nathaniel Silsbee, 1844–1851; Daniel A. White, 1851–1861; Zacariah F. Silsbee, 1861–1864; John Bertram, 1864–1865; Joseph S. Cabot, 1865–1874; Benj. H. Silsbee, 1875–1879; Peter Silver, 1879–1883; Wm. Northey, 1883–1893; Edward D. Ropes, 1893–1902; Charles S. Rea, 1902—.

SCHOOL SAVINGS SYSTEM

The School Savings Bank system has been carried on by the Salem Savings Bank since 1912, and has proved successful. By means of it both thrift and practical banking are taught in the public schools. During the first year 2341 pupils, out of a total enrollment of 6204 in the city, saved $1 or more each and thus secured a regular savings bank account. The total of these accounts amounted to over $10,000. Nearly 2000 other pupils had school bank accounts of less than $1 each. These figures certainly speak well for the system, and yet it must not be forgotten that its social and educational value cannot be figured alone in dollars and cents.

The president of the Salem Savings Bank, Charles Samuel Rea, has occupied that position since 1902, having previously been cashier of the Asiatic National Bank, of Salem. He was born in that city, February 22, 1844, and was educated in the public and private schools of his native city. Mr. Rea is also a director of the Naumkeag Trust Company, of Salem.

CHAPTER IX

NEW YORK'S PIONEER INSTITUTION

The Bank for Savings Organized in November, 1816, and Chartered March 26, 1819—Opened on July 3, following—Thomas Eddy and John Griscom the Leading Promoters—Extracts from the First Report to the Legislature in 1820—Investments in Real Estate advocated by Governor DeWitt Clinton, and Authorized by the Legislature—First Officers.

No fact in connection with the Savings Bank movement in America seems better authenticated than that they had their inception in the Empire State through the active efforts of Thomas Eddy, of New York City, just as the first one in Pennsylvania (which was the first to open its doors in the United States), owes its existence to Condy Raguet, and the first to be incorporated in this country (the Provident Institution for Savings in the Town of Boston), was founded by James Savage, of Boston.

Mr. Eddy was alert, progressive and wideawake, keeping in touch with affairs on the other side of the Atlantic, as well as at home. Together with many other prominent men in the American metropolis, he sought not only to relieve the prevailing distress of the working classes, but to ascertain its causes.

It appears that Mr. Eddy's attention was directed toward Savings Banks (having then been established about six years in Scotland and England), as a promising means of relief from or protection against the evils of poverty, by his friend, Patrick Colquhoun, a local magistrate of London, England, who was also connected with some of the leading benevolent institutions of the British metropolis.

Mr. Colquhoun, writing to Mr. Eddy, from London, under date of April 19, 1816, said:

Thomas Eddy

Founder Bank for Savings of the City of New York

Among other philanthropic establishments which are yearly rising in the great metropolis, we are now anxiously engaged in forming a provident institution or Savings Bank, in the western district of the city, upon the principle suggested and explained in my *Treatise on Indigence*, published in 1806, but on a far more limited scale. The practical effect of these establishments was first manifested in Scotland, since which they have extended to several towns in England, and are likely to become very general. Their utility scarcely requires explanation. The object is, to assist the laboring poor to preserve a portion of their earnings for old age and to give them provident habits. I send you under cover, the plan of our institution, which has just commenced, and which has been the result of much discussion and deliberation.

ACTIVE EFFORTS TOWARD ORGANIZATION

That Mr. Eddy, after receiving this letter, became active in the organization of a similar institution in New York, is shown by the following extract from the *Evening Post*, of New York, of Monday, December 2, 1816, giving an account of a meeting, undoubtedly the first, for the purpose of establishing a Savings Bank:

At a meeting of a number of citizens convened in the Assembly room of the City Hotel, on Friday evening, November 29, 1816, pursuant to public notice, for the purpose of establishing a Savings Bank, Thomas Eddy, Esq., was called to the chair and J. H. Coggeshall, Esq., appointed Secretary. The object of the meeting having been stated, and the principles of the proposed institution briefly and pertinently explained by Mr. James Eastburn, on motion of Mr. John Griscom, seconded by Dr. Watts, it was *resolved* that it is expedient to establish a Savings Bank for the City of New York.

A constitution was submitted by Mr. Zachariah Lewis, which, having been read, and its principles discussed, was unanimously adopted.

The following gentlemen were appointed directors: Henry Rutgers, Thomas R. Smith, Thomas C. Taylor, DeWitt Clinton, Archibald Gracie, Cadwallader D. Colden, William Few, John Griscom, Jeremiah Thompson, Francis B. Winthrop, Duncan P. Campbell, Jos. H. Coggeshall, James Eastburn, John Pintard, Jonas Mapes, Brockholst Livingston, William Bayard, Wm. H. Harrison, Rensselaer Havens, William Wilson, Richard Varick, Thomas Eddy, Peter A. Jay, John Murray, Jr., John Slidell, Andrew Morris, Gilbert Aspinwall, Zachariah Lewis, Thomas Buckley, Najah Taylor.

A meeting of the directors was subsequently held, December 10, 1816, and several committees were appointed, one to obtain a place to commence its operations, another to apply to the Legislature for an act of incorporation (Peter A. Jay, chairman), and one to draft an address to the public (De Witt Clinton, chairman).

On the 17th of December, 1816, the following officers were elected:

William Bayard, President; Noah Brown, 1st Vice-President; Thomas R. Smith, 2d Vice-President; Thomas C. Taylor, 3d Vice-President; Thomas Eddy, Jr., Cashier.

Meetings were also held December 24 and 31, 1816. No entry of any other meeting appears on the minute book of the bank until April 5, 1819.

UNSUCCESSFUL EFFORTS TO OBTAIN A CHARTER

In a letter to Mr. Colquhoun, dated New York, 4th mo. 9th, 1817, Mr. Eddy, referring to this subject, said:

Among the many philanthropic institutions with which your country abounds, there is none that appears to me more likely to be useful than Savings Banks. They are certainly most admirably calculated to be beneficial to the poor, by promoting among them a spirit of independence, economy and industry.

Immediately on receiving from thee an account of the Provident Institution in your metropolis, I proposed to a number of my friends to establish a similar one in this city. A plan was formed, and a number of our most respectable citizens agreed to undertake the management of it; but we found that we could not go into operation without an act of incorporation, for which we made an application to the Legislature, and the result is not yet known.

The reasons for the failure to secure an act of incorporation until two years later, are not far to seek. The term "Bank" seems to have had about the same effect upon the average legislator of those days as an ensanguined rag upon an infuriated bovine. To petition for the incorporation of any sort of Bank was to arouse suspicion at once. How this prejudice became infused into the minds of the law-makers is well explained by Emerson W. Keyes, in his

"History of Savings Banks in the United States" (1876). He says: "The strife to secure charters for banking corporations was very great, and under the imperfect system relative to the security of their circulating notes, there was a prevalent apprehension that through the undue expansion and resulting debasement of the currency, disastrous consequences might ensue. Hence the introduction of every bill to incorporate a *'bank'* was watched with jealousy, both by those opposed to extending banking privileges altogether, and by those who were intent only upon securing a charter for themselves. The principle of Savings Banks being but little understood, their dissimilarity to banks of discount and circulation not being comprehended, it was enough that the word 'bank' appeared in the title of the act, to array against it the combined hostility of the foes of banks, and the friends of a bank for themselves."

In addition to this, statistics show that between the years 1811 and 1820, nearly 200 banks failed in this country.

This fully explains the amendment suggested by the legislative committee in their report of April 2, 1817, changing the title to the act by substituting the name of "The Saving Corporation of the City of New York," for the "Saving Bank of the City of New York."

While the result of the first effort to secure legislative recognition was a failure, the project was by no means given up by its promoters. The favorable action of the Massachusetts Legislature upon a similar petition in the year 1816, no doubt had a good effect, and other States were following the example. It was felt that when the public and the law-makers fully understood the plan and scope of the proposed Savings Bank, and were able to act independently of personal prejudice or popular clamor, the result must be favorable. And so it proved.

JOHN GRISCOM ANOTHER PIONEER

In this most laudable work it is proper to record the active efforts of John Griscom, one of the incorporators of

the proposed Savings Bank for the City of New York. Mr. Griscom was one of the leading spirits in the organization of the New York Society for the Prevention of Pauperism, out of which came the Society for the Care of Juvenile Delinquents, or House of Refuge, being the first establishment in the world on a similar plan. Throughout his lifetime he was devoted to philanthropic, educational and scientific objects. After the adverse action of the Legislature upon the petition for the incorporation of a Savings Bank, Mr. Griscom and his associates seem to have turned to the organization of a general society, *one* of whose objects should be the establishment of a savings institution. The committee appointed to draft a constitution for the government of the Society for the Prevention of Pauperism, consisting of John Griscom, Brockholst Livingston, Garrett N. Bleecker, Thomas Eddy, James Eastburn, Rev. Cave Jones, Zachariah Lewis, and Divie Bethune, reported at a meeting of the Society held on February 6, 1818. Under the fourth head, "Want of Economy," the committee said:

> Prodigality is comparative among the poor, it prevails to a great extent in inattention to those small but frequent savings when labor is plentiful, which may go to meet privation in unfavorable seasons.
>
> We therefore proceed to point out the means which we consider best calculated to ameliorate the condition of the poorer classes, and to strike at the root of those evils which go to the increase of poverty and its attendant miseries. The first proposition as a remedy is to assist the laboring classes to make the most of their earnings by promoting the establishment of *Savings Banks*, or benefit societies, life insurance, etc., the good effects of such associations having been abundantly proved in Europe, and in America; Boston, Philadelphia, and Baltimore having each a Savings Bank.

Thus it will be seen that Thomas Eddy and John Griscom are properly to be classed as among the leading pioneers in the Savings Bank movement in America.

PASSAGE OF THE ACT INCORPORATING THE BANK FOR SAVINGS IN THE CITY OF NEW YORK

Final favorable action upon the proposed charter of the Bank for Savings in the City of New York, was taken by

the Legislature on March 26, 1819, and the Act became Chapter 62, of the Laws of that year. It was in the words following:

Be it enacted by the people of the State of New York, represented in senate and assembly, That William Bayard, John Murray, Junior, Noah Brown, William Few, Brockholst Livingston, Cadwallader D. Colden, George Arcularius, Thomas Buckley, Duncan B. Campbell, Benjamin Clark, James Eastburn, Henry Eckford, Thomas Eddy, Philip Hone, John E. Hyde, Peter A. Jay, Zachariah Lewis, Dennis McCarthy, Andrew Morris, James Palmer, John Pintard, Abraham Russell, Jacob Sherred, Joseph Smith, Najah Taylor, Jeremiah Thompson, William Wilson and Samuel Wood shall be and are hereby constituted a body corporate and politic by the name of "The Bank for Savings in the City of New York," and by that name they shall have perpetual succession, and shall be persons capable of suing and being sued, pleading and being impleaded, answering and being answered unto, defending and being defended, in all courts and places whatsoever; and may have a common seal, with power to change and alter the same from time to time, and shall be capable of purchasing, taking, holding and enjoying, to them and their successors, any real estate, in fee simple or otherwise, and any goods, chattels and personal estate which shall be necessary for the purposes above cited, and of selling, leasing and otherwise disposing of the said real or personal estate, or any part thereof, at their will and pleasure: *Provided always,* That the clear annual value of such real and personal estate, exclusive of the profits that may arise from the interest accruing upon the stock, or from the sale of any stock in which the deposits made in the said bank may be invested; [1] and that the trustees or managers of said institution shall not directly or indirectly receive any pay or emolument for their services, nor shall they issue any notes, make any discounts, or transact any business which belongs to or is transacted by incorporated banks other than is herein specified: *Provided also,* That the funds of the said corporation shall be used and appropriated to the promotion of the objects stated in the preamble to this act in the manner herein mentioned, and those only.

The first board under the act of incorporation met on April 5, 1819, and organized with the officers named in the act, viz.: William Bayard, president; John Murray, first vice-president; Noah Brown, second vice-president; William Few, third vice-president. A committee was ap-

[1] So in original. Probably the words "shall not exceed the sum of five thousand dollars," have been omitted.

pointed to devise the mode of operations and a code of by-laws, and on the 16th of April the new by-laws were adopted.

On May 25, 1819, Daniel E. Tyler was elected clerk, he having to serve gratuitously, and on the 11th of August, 1819, it was resolved to pay him for his services, $125; and on the 8th of September following he was appointed accountant. Mr. Tyler was for some time the only salaried officer, the tellers, and even the porters, etc., giving their services without charge.

The success of this, the first Savings Bank in the Empire State, was unequivocal. Its doors were opened to depositors in a room of the New York Institution, "granted to the trustees by the Academy of Arts, and approved by the corporation for the term of two years, gratis," on Saturday, July 3, 1819, when from eighty depositors, the trustees had the satisfaction of receiving the sum of $2,807. From the date of opening to the close of the year, a period of six months, the sum of $153,378.31 had been placed in the bank by 1,527 depositors; the sum of $148,372.27 invested in public funds according to law, and the sum of $6,606 withdrawn by depositors. Of the latter, forty-six closed their accounts.

During the early period of its operation, the bank was open for receiving deposits on Saturday evenings, from six to nine o'clock, and on Monday from eleven A. M. to two P. M. As the business of the bank increased, the days and hours were extended until it became necessary to open daily from ten to two o'clock, and on two days in the week in the afternoon from four to six o'clock.

EXTRACTS FROM THE FIRST REPORT (1820)

These interesting facts and figures were contained in the first report of the institution made to the Legislature in 1820, transmitted over the signatures of William Bayard, president, and James Eastburn, secretary. The depositors were classified as follows: mechanics, laborers, tradesmen and domestics, 840; minors (male), 287; minors (female),

276; widows, 98; orphans, 20; apprentices, 15; unclassified, 24; total, 1527.

This report is so admirable both in form and substance, that the following copious extracts are given as of the greatest historical interest:

It was to be expected that an institution which, by inculcating economy among the middle and lower classes of society, and inducing them to spare their earnings for future exigencies, would necessarily withdraw them from places of public resort, and thus excite the enmity of those whose emolument was the fruit of prodigal expenditure. The trustees, however, are gratified in saying that few such instances have come to their knowledge. On the contrary, the classifications of depositors will furnish several instances, even of public tavern-keepers, who have brought their money to the bank for safety and increase. Nor are the trustees without hope that such examples will operate upon many of those whose conduct has heretofore been reprehensible. A reform at the sources of waste will soon spread its influences through a large portion of our population.

The board of trustees, previous to opening the books for the receipt of deposits, established a system of management and inspection for the bank which in its operation has proved highly beneficial. They appointed, in rotation, three of their number to attend at the bank as a committee for one month. It was made the duty of this committee to receive deposits, to see that the entries were duly made, to make inquiries as to the situation of the depositors, and ask such further questions as might promote the welfare either of the individual or of the institution. By this means the whole of the board of trustees have become familiar with the depositors, and while their confidence in those to whom they have committed the safeguard and improvement of their little funds has been confirmed, it has afforded an opportunity, readily embraced by the trustees, of giving such advice to many of the depositors as they believed would tend to promote careful habits and moral feeling. The gratification which they have received in numerous instances has amply repaid the attending committee this gratuitous labor.

The investment of the funds has been intrusted to a special committee, consisting of Messrs. John Mason, Jacob Sherred and William Wilson, who report to the board at their monthly meeting the manner in which the funds have been disposed of. The treasurer also reports once a month the amount received from the deposits, and how it has been expended. By this mode every operation is at once known to each individual trustee; and such checks are furnished as to prevent the possibility of the smallest loss to depositors.

The different classes of depositors will furnish various reflections

calculated to place Banks for Savings high in the esteem of the political economist, the practical philanthropist and the diligent promoter of sound morals.

In every part of an active population, and particularly in large cities, the difficulty of procuring the reward of labor is not so great as the power to preserve it. The man who attends to the regular discharge of his duties, and is enabled to lay up a weekly sum from his hard-earned income, is too often the dupe of the idle, the profligate, the designing, or the unfortunate. Incaution, and sometimes an excusable vanity, prompts the possessor of an increasing fund to reveal it to his less prosperous neighbor. The desire of accumulation, and the hope of bettering his condition, will induce the listener to try the means with which his friends can furnish him on some object of speculation. He tries, and both are ruined. There are others who live only to prey upon society; they insinuate themselves into the confidence of the unsuspecting; give the most plausible reasons for the small sums they ask, and the strongest assurances of a speedy repayment. The money is loaned; but the lender too soon finds that the fruit of his labor is gone forever.

Many cases have come before the trustees wherein the above was justified by ample details. The causes, as after stated by the sufferers themselves, arose alike from their want of some secure place of deposit, and their ignorance how to improve what they had laid up. The sums are generally too small to be received at any of the banks; and where this is not the case, it was found equally as difficult to retain it as if it had been actually in the owner's hands; the temptation to loan was the same. Though many depositors understood how to invest their money in public stocks, yet anticipating an early use for it, or fearing a loss from the fluctuation of the funds, they preferred letting it lie useless. In numerous instances, sums from $100 to $300 had lain unimproved for many years, while others had loaned and lost the whole. The Banks for Savings provide almost the only remedy; they give security to the depositor, improve his little stock, and, at fixed periods, allow him to withdraw the whole, if his inclination or interest should prompt him.

The value of an institution is to be estimated by the evil which it prevents, or by the good which it produces. In some the effects are more remote, in others more immediate. Banks for Savings are among the latter; the attempt is no sooner made than the most salutary effects follow. It has formed the most pleasing and interesting part of the duty of the monthly committee to observe and note these effects.

The effect on the moral habits is not more certain than striking; he who has learned to be economical has first gotten rid of pernicious modes of spending money. Every time he adds to his amount he has an additional motive for perseverance. In the provision he is making for futurity is associated all which can gratify him as a

father, a husband, a guardian or a friend. The talent which heaven has committed to his care he improves for the objects of his affections; this, again, endears them to him, and thus the sum of human happiness is increased and extended. It is impossible for men continuing to act on such principles to be immoral.

The trustees are glad to report, that the habit of saving among the depositors becomes very soon not only delightful, but permanent. Those who have brought their one dollar, are anxious to increase it to five, and so on. The number of re-deposits sufficiently confirms this fact; and such has been the effects on the emigrants from Great Britain, that the very guineas which they received from the Banks for Savings at home, they have deposited in the one in this city immediately after landing.

There are several classes of depositors which the trustees cannot forbear to remark upon.

Seamen are proverbially improvident, not so much, perhaps, from a love of waste, as from a total ignorance how to dispose of their money. Having no one to direct them, the wages which they have earned, amidst storms and tempests, they scatter on shore without reflection. Of this useful class of men, a few have found their way to our bank, and the trustees will do all in their power to increase the number. One seaman in one of the regular traders for Liverpool, brought home with him, in silver, $360; his captain directed him to the Bank for Savings. He soon deposited his burden, and appeared heartily pleased that, under the guidance of his commander, he had at last found a harbor of safety for his small property.

The clergy are a body of gentlemen, perhaps, more entitled to our gratitude and care, than any other in the community. Their means in general are small, their families usually large, and, from the nature of their office, they are prevented by trade to increase their income. Many of them, however, can save a little, and they have availed themselves of the bank to deposit it for improvement. When the trustees look around on the number of destitute widows of once respectable and useful clergymen, they cannot but hail the institution as the means of affording, by the provident care of the living, comfort, and perhaps independence, for future widows and orphans.

The attention which has been paid by parents and guardians, since the opening of our bank, to the future comfort and security of minors, is not one of the least blessings which shall flow from this institution. The deposits for this class are very numerous; and while it is calculated to excite the gratitude of the young beings, for whose use these deposits have been made, it holds out to them, when arrived at maturity, the example and the means by which succeeding generations are to be benefited and improved.

As parents, as citizens, and as men, the trustees exult in the prospects which the Bank for Savings holds out to this growing city and

State. The habits which a resort to it induce, hold out the best pledge for a reduction in the public burdens, as they are connected with indigence and want. They tend to inspire a spirit of independence, and in their moral operation lessen crime, poverty and disease. They teach man to depend upon his own exertions; encourage industry, frugality, cleanliness, and self-respect; and effectually prevent those who are so fortunate as to be influenced by them, from applying either to public provisions or private bounty for support.

The trustees take this opportunity of thanking the gentlemen connected as tellers, clerks and porters in the different banks, for the cheerful manner in which they have rendered their services on the evenings of deposit. Their kindness was both acceptable and useful.

In conclusion: The trustees are fully aware that they have undertaken an arduous task; but in the approbation of the public authorities, the countenance of their fellow-citizens, and the increasing comfort of the community, they will have a full reward.

According to the *New York Evening Post,* of December 31, 1897, on the nights the Bank for Savings was open for business, the treasurer used to carry the deposits home in a little hair-covered trunk, the Bank not then owning a safe. That trunk is now one of the Bank's most prized possessions.

INVESTMENTS IN REAL ESTATE LOANS AUTHORIZED

The above report was accompanied by an application for an amendment of the Bank's charter so as to authorize investments in loans upon real estate in the City of New York or to the corporation of that city, which application had the hearty endorsement of Governor DeWitt Clinton, who, in his message to the Legislature in that year said:

The Bank for Savings in the City of New York, instituted at the last session, to cherish meritorious industry, to encourage frugality and retrenchment, and to promote the welfare of families, the cause of morality, and the good order of society, has already manifested its claims to your confidence by an accumulation of more than one hundred and fifty thousand dollars in small deposits, and by shedding a benign influence on society. The application of this institution to authorize loans on real estate, as well as any other provisions subservient to its salutary objects, will undoubtedly receive your sanction.

Accompanying the first report of the Bank for Savings was a financial statement of its operations for the first six months, of which the following is a copy:

FINANCIAL STATEMENT OF THE BANK FOR SAVINGS.
THE TREASURER IN ACCOUNT WITH THE BANK FOR SAVINGS.

1819		*Dr.*	*1819*		*Stock*		*Cr.*
July	To cash from Depos.	$40,262.52	July	7	By cash N. Y. long loan	$4,331.80	$4,256.00
Aug.	" " from Depos.	26,783.69	July	13	" N. Y. State 6's	15,535.87	15,225.15
Sept.	" " from Depos.	25,720.78	Aug.	5	" " " "	20,781.37	20,781.37
Oct.	" " from Depos.	21,108.75	Aug.	10	" " " "	9,350.96	9,413.29
	To interest	1,217.38	Aug.	16	" " long loan	16,772.68	16,940.40
Nov.	To cash from Depos.	19,934.77			" withd'n by depos.	.....	430.00
	To interest	300.00	Sept.	8	" Canal stock	6,000.00	6,068.00
Dec.	To cash from Depos.	19,516.88	Sept.	14	" " "	4,135.95	4,186.95
	To bal. due Treasurer	947.20	Sept.	16	" One Million loan	4,250.00	4,313.75
			Oct.	6	" City loan	20,000.00	20,250.00
		$155,791.97			" Withd'n by Depos.	.....	3,675.49
					" for expenses	.....	505.70
			Nov.	1	" City loan	30,000.00	30,184.56
					" Withd'n by Depos.	.....	1,869.51
					" for expenses	.....	308.00
			Dec.		" Canal stock	16,752.80	16,752.80
					" Withd'n by Depos.	.....	631.00
						$147,911.44	$155,791.97

NOTE: On comparing this account with the books of the accountant, it appears that a loss of $50.92 has occurred, of which $27 was in counterfeit notes, and $23.92 losses in change.

As might have been expected with such an endorsement, the application was readily granted by the Legislature. Prior to the passage of this legislation, the Bank was "restrained from vesting moneys except in government securities or in stock, created and issued under and in virtue of any law of the United States or of New York." The trustees complained that the price of such stock was fluctuating and that it produced but 6 per cent. interest, or less, for it could not always be purchased at par. A provision was also contained in the amendatory bill that minors depositing in the institution might withdraw the same to the amount of $250, though no guardian had been appointed, provided such deposit were made by the minor personally, and not by another, for his benefit. It was also provided that the books of the Bank should at all times be open to the comptroller of the State or such other person or persons as the Legislature might designate for inspection and examination.

The proposition that deposits of persons deceased, without leaving any representative, might, after sufficient time had elapsed, be applied to the objects of the institution, was not acted upon.

FIRST ADDRESS TO THE PUBLIC (1819)

Below is given a copy of the first address to the public, or prospectus, issued by the Bank for Savings in the City of New York, as well worthy of preservation:

Explaining the objects of the above bank, which is now ready to receive deposits every Monday, from 11 A. M. to 2 P. M., and every Saturday evening, from 6 to 9 o'clock, in the New York Institution (formerly the Alms-house), in Chambers Street.

The Legislature of the State having at their last session incorporated this institution, the Directors now offer its advantages to all classes of their fellow-citizens.

It is generally known that in Great Britain institutions of this kind have produced the most beneficial effects, and in this country circumstances seem still more favorable to their utility. Several of them are known in successful operation in our sister States.

It is a common remark, that the unconditional and indiscriminate relief of the indigent increases the amount of poverty. It is often an injury to the poor themselves. By inducing them to rely on gratuitous and undeserved assistance, it destroys their sense of dignity

and self-respect, degrades them in their own estimation, and reduces them to the abject condition of idle indifference and daily dependence.

This institution is liable to no such objections. It is not a common charitable institution, although it will prove emphatically charitable in its ultimate effects. It will help none but those who are willing to help themselves.

The Act of Incorporation, and the regulations for the government of this bank, will so fully explain its design that little more need be said respecting it. Its object is as plain as it is useful and salutary.

It is intended to furnish a secure place of deposit for the savings of Mechanics, Manufacturers, Mantua-makers, Cartmen, Seamen, Laborers; in short, of all who wish to lay up a fund for sickness, for the wants of a family or for old age.

To many industrious persons, who have saved a little property and who do not wish to employ it in trade, this bank will also be a desirable institution. The risk of loaning their money to individuals, and the losses which frequently result from it, will here be entirely avoided.

The utmost facility will be given to the receiving and paying moneys at the bank; and the amount deposited will be invested in such funds as the Directors may deem perfectly secure. They will not in any case whatsoever loan any part of the money to individuals.

It is thought expedient that no sum less than a dollar be received, nor any part of a dollar in larger sums. It is desirable that all drafts on the bank should be in even sums. The intention of this regulation is to lessen the labor of the bookkeeper, and consequently to diminish the expense of the institution.

When the deposits of any individual amount to five dollars, they will begin to draw interest in the manner directed and explained in the by-laws; and the interest, if not called for, will be added to the principal, and be itself productive of interest.

The immense profit which arises from a rigid system of economy, and from depositing even small savings at interest, probably exceeds the most sanguine expectations; the sum of one dollar deposited weekly for a period of sixty years would amount at the end of that time, with its accumulation of interest, to upward of twenty thousand dollars.

The Directors owe it both to the public and themselves distinctly to declare, that they entirely disclaim the idea of receiving any personal emolument or advantage in any shape whatever. It is equally their intention that the bank itself shall not be a gaining concern. In case the little savings arising from the reduction of interest, and all other sources, shall be more than sufficient to defray the necessary expenses of the institution, they will advance the rate of interest

paid to the depositors. They are only desirous of making the bank support itself.

From this brief statement of the principles of the institution its object will be fully understood, and the Directors cannot but hope that it will meet the approbation and encouragement of every member of the community. They are persuaded that its natural effects will be to increase the happiness and comfort of the poor.

A pecuniary gain to the indigent is not the only advantage to be expected from this institution. Their moral feelings it is hoped will be greatly benefited. It must have a direct tendency to induce habits of frugality, forethought, of self-assistance and self-respect.

There are few spectacles more truly gratifying, or more honorable to human nature, than a poor man surmounting, by his own exertions, the difficulties of his situation, and training up his family in the ways of honor and virtue, of industry and independence.

To encourage the exertions, and to animate the hopes of such as these, this institution has been formed; and the Directors have now only to express the wish that all classes of their fellow-citizens may be induced to promote, by their influence and example, its progress and success.

Signed in behalf of the Board of Directors,

WILLIAM BAYARD, *President.*
JOHN MURRAY, Jun., *Treasurer.*

NEW YORK, *June, 1819.*

PRESIDENTS SINCE ORGANIZATION

The following is a list of the presidents since organization, March 26, 1819, to January 1, 1916:

Names	*Elected*	*Resigned*	
William Bayard	1819	....	Died in office 1826
William Few	1826	....	Died in office 1828
John Pintard	1828	1841	
Philip Hone	1841	....	Died in office 1851
Najah Taylor	1851	....	Died in office 1860
Benjamin L. Swan	1860	....	Declined to serve
Marshall S. Bidwell	1860	....	Died in office 1872
John C. Green	1872	....	Died in office 1875
Robert Lenox Kennedy	1875	....	Dec. re-elec'n 1885
Wyllis Blackstone	1885	....	Died in office 1885
Merritt Trimble	1885	....	Died in office 1903
William W. Smith	1903	....	Died in office 1906
Walter Trimble	1907	....	Continues in office

PRESENT OFFICERS AND TRUSTEES

Officers: Walter Trimble, President; Frederic W. Stevens, Vice-President; Charles S. Brown, Vice-President;

Adrian Iselin, Jr., Vice-President; James Knowles, Comptroller; Lewis B. Gawtry, Secretary.

Trustees: Walter Trimble, Frederic W. Stevens, Charles S. Brown, Adrian Iselin, Jr., Lewis B. Gawtry, Chas. A. Sherman, Henry W. de Forest, W. Irving Clark, William J. Riker, William W. Appleton, Thomas Dimond, Robert Bacon, Henry R. Hoyt, August Belmont, Charles H. Tweed, William Sloane, James Knowles, Thomas Denny, John E. Cowdin, James S. Alexander, Nicholas Biddle, George F. Baker, Jr., Otto M. Eidlitz, George E. Roosevelt, Thatcher M. Brown, Lewis C. Ledyard, Jr., Julian L. Peabody.

On July 1, 1916, the bank had assets of $106,366,499.-04, of which $93,611,458.60 belonged to 146,204 depositors. At the same date, the surplus (par value) had reached the sum of $12,755,040.44.

Walter Trimble, who has been president of the Bank for Savings since January, 1907, is a practicing lawyer; born in New York City, March 7, 1857, his ancestors on both sides being Quakers; was educated at preparatory schools, Harvard College and Law School and Columbia Law School. Mr. Trimble's father, Merritt Trimble, was president of this bank from 1885 to 1903, dying in office in the latter year, and his grandfather, George T. Trimble, was a trustee, 1852–72, and one of the second vice-presidents from 1870 to 1872, dying in office in the latter year.

BANK FOR SAVINGS IN THE CITY OF NEW YORK
INCORPORATED 1819

Year	*Deposited*	*Withdrawn*	*Depositors*	*Due Dividends*	*Open Accounts*
1819	$ 154,801	$ 6,606	$ 148,195	$ 1,422	1,481
1825	635,891	615,011	1,432,668	52,319	9,983
1835	1,694,398	1,151,084	3,652,156	131,511	25,714
1845	1,938,156	1,321,102	5,275,190	200,702	35,293
1855	2,765,062	2,453,064	7,548,001	590,735	47,830
1865	5,425,356	4,722,870	13,715,136	1,070,270	61,654
1875	4,306,444	4,481,124	21,695,401	1,287,090	66,429
1885	7,817,104	8,708,194	39,046,583	1,283,987	107,615
1895	9,514,028	8,646,152	51,254,883	1,869,450	120,364
1905	18,782,431	13,814,110	82,825,497	2,969,688	155,975
1915	14,158,395	17,940,465	92,402,600	3,066,800	146,065

CHAPTER X

CONNECTICUT SIXTH IN LINE

Incorporation of the Society for Savings, Hartford, on June 1, 1819—First Opened for Receipt of Deposits in July Following—The Incorporators and First Officers—Rapid Growth Shown—Quarters Several Times Outgrown—Present Officers and Trustees.

THE charter of the Society for Savings, Hartford, Connecticut, was approved by Gov. Oliver Wolcott on June 1, 1819; the first meeting of the incorporators was held in the State House, on June 9, of the same year.

No mention of a Savings Bank appears in the Hartford newspapers until the advertisement of this bank for business, in July, 1819. The institution first threw open its doors on the 14th day of that month, when thirty-two deposits were received, aggregating $530. On that day books were issued, among others, to Elisha Colt, Jr., George Beach, Jr., John L. Bunce and Isaac C. Perkins.

OFFICERS AND INCORPORATORS

The officers and incorporators were as follows:

President, Daniel Wadsworth; Vice-Presidents, Ward Woodbridge, James H. Wells, Michael Olcott, John T. Peters, David Porter, Michael Bull, Charles Sigourney, John Russ, Jeremiah Brown, Isaac Perkins, David Watkinson, William Ely; Trustees, Cyprian Nichols, Mason F. Cogswell, Henry Hudson, Samuel Tudor, Jr., Russell Bunce, James B. Hosmer, Charles Hosmer, Thomas Day, George Goodwin, Jr., Lorenzo Bull, James R. Woodbridge, James M. Goodwin, Joseph B. Gilbert, John Butler, Henry Kilbourn, Christopher Colt, Theodore Pease, Barzillai Hudson, Jr., Roderick Terry, Horace Burr, George

Beach, Normand Smith, Thomas K. Brace, Jesse Savage; Secretary, James M. Goodwin; Treasurer, Elisha Colt.

Twelve vice-presidents and twenty-four trustees were chosen at that time, and the number never has been changed.

STEADY AND RAPID GROWTH SHOWN

At the end of the first four and one-half months, to December 1, 1819, the total deposits were $4,227.59. Four and one-half years later, June 1, 1824, they amounted to $61,380.02. They have increased each subsequent decade, in round numbers as follows:

Year	*Total Deposits*
June 1, 1834	$ 298,000
June 1, 1844	824,000
June 1, 1854	2,572,000
June 1, 1864	5,207,000
June 1, 1874	7,376,000
June 1, 1884	9,969,000
June 1, 1894	15,705,000
June 1, 1904	26,037,000
June 1, 1914	37,524,172

On June 1, 1914, there were 72,884 open accounts, representing deposits of $37,524,172.67, and the assets of the bank were $38,766,607.21. On December 1, 1915, the total deposits amounted to $38,387,030.37, and the assets to $39,775,188.08.

Dividends were paid at the rate of 5 per cent. per annum until December, 1835, and thereafter they were at the rate of 6 per cent. in December and 5 per cent. in June, making 5½ per cent. per annum until 1849, when 6 per cent. became the rule for nearly thirty years, with the exception of 1863 and 1864, when 5 per cent. only was paid. In 1877, the rate of 5 per cent. was again paid and since that time 4 per cent. has been the regular rate, except that an extra dividend of 1 per cent. was paid on "six months money" in 1890.

At the start, the bank was open only part of one afternoon each week. For many years past it has been open for business from 9 A. M. until 4 P. M., except on holidays and Sundays, and half of Saturdays.

QUARTERS SEVERAL TIMES OUTGROWN

The first deposits were received by Treasurer Colt at his office in the State House, but the business soon afterward was removed to his house on Church Street. After Mr. Langdon's appointment, the business of the bank was transacted in his store on Main Street and thereafter for a short time in a small room on Asylum Street, near Main. In 1833 a lot was purchased on Pratt Street, and a small one-story banking house, 24 x 46 feet, of brick, was erected at a cost of $2,500. During the year 1860, the business having outgrown the banking house, this first structure was torn down and a new and larger one of stone and brick, and two stories in height, was erected in its place. In 1891, the business of the institution had again outgrown what were considered commodious quarters in 1860, and an extra lot adjoining the one on Pratt Street was bought. Upon this was begun the erection of the present large and handsome building, occupied exclusively by the bank, being four stories in front, and one story in rear, thirty-five feet in height with an expansive dome. During the erection of the present banking house, the business of the bank was carried on at No. 288 Main Street, and in May, 1893, the new building was opened for business.

In 1822 "a suitable trunk or box for valuables" was procured for the treasurer. An ordinary iron safe was used in which to place the "valuables" in the first building. In the second building was built a vault for the safe keeping of the account books, but the cash and securities were kept in what was then called a burglar-proof safe. In the present structure are fire- and burglar-proof vaults—one of steel, 12 x 15 feet, in which many millions of securities are kept behind doors of the most modern construction, and the other of brick and steel, 14 x 23 feet, and two stories in height, in which are kept valuable books and papers. The evolution from the small tin box to the present security vault shows in itself the substantial growth of the institution and the magnitude of its needs.

PRESIDENTS SINCE ORGANIZATION

The presidents of the bank, since its organization to the present, have been: Daniel Wadsworth, elected 1819; Ward Woodbridge, elected 1828; James B. Hosmer, elected 1851; Roland Mather, elected 1879; John C. Parsons, elected 1890; Francis B. Cooley, elected 1898; Jonathan B. Bunce, elected 1904; Charles E. Gross, elected 1912.

The treasurers have been: Elisha Colt, until 1827; James M. Goodwin, until 1829; Reuben Langdon, until 1849; Olcott Allen, until 1873; Zalmon A. Storrs, until 1890; A. E. Hart, until the present.

PRESENT OFFICERS AND TRUSTEES

The present officers and trustees are as follows:

President, Charles E. Gross; Treasurer, A. E. Hart; Assistant Treasurer, Sidney W. Crofut; 2d Assistant Treasurer, Frank I. Prentice.

Vice-Presidents: Theodore Lyman, Atwood Collins, Daniel R. Howe, Meigs H. Whaples, William B. Clark, James Nichols, William C. Skinner, Samuel G. Dunham, Silas Chapman, Jr., Charles H. Northam, Lyman B. Brainerd, Francis Parsons.

Trustees: Charles E. Gross, A. E. Hart, George H. Burt, John S. Camp, Charles P. Cooley, Lucius A. Barbour, James H. Bidwell, John O. Enders, Charles S. Hills, Charles E. Chase, Walter L. Goodwin, John Y. Taylor, George G. Williams, Guy E. Beardsley, Robert C. Glazier, Charles L. Goodwin, William D. Morgan, Charles L. Spencer, Sidney W. Crofut, Charles Wells Gross, Harold G. Hart, Archibald A. Welch, Richard F. Jones, A. E. Hart, Secretary.

CHAPTER XI

RHODE ISLAND'S EARLIEST BANKS

The Savings Bank of Newport Incorporated June 1, 1819, and the Providence Institution for Savings in October of the Same Year —No Further Incorporations Until 1828—History of these Pioneer Banks of the Smallest State—Financial Statements and Rates of Dividends Paid—Two Vigorous Century Plants.

THE first Savings Bank incorporated in the State of Rhode Island was "The Savings Bank of Newport," June 1, 1819. In October of the same year the Providence Institution for Savings was incorporated. The Bristol Institution for Savings was also legally authorized in the same year, but was not organized under that charter. It was reincorporated in 1841. Thus the smallest State in the Union, in 1819, had incorporated three Savings Banks, while no other State except Massachusetts had chartered more than two. The two institutions which organized are in a flourishing condition at the present date,—within three years of their centenary—and have most worthily fulfilled the expectations founded upon them. This fact speaks more than mere words could do as to the faithfulness with which the trust has been administered.

No more Savings Banks were incorporated until 1828, when the Pawtucket Institution for Savings was chartered, with powers substantially the same as those conferred upon the Providence Institution. The Pawtucket bank, however, did not organize until 1836, under a reënactment of substantially the old form of charter. The aggregate amount of deposits which it might receive was limited in the act to $100,000, which limitation was extended in 1846 to $300,000. Subsequent legislation must have been in-

voked to remove this restriction also, for in December, 1873, it held deposits aggregating more than $2,000,000.

The policy adopted in Rhode Island as well as in some of the other States, was to provide for a large body of corporators, who were to choose from their number the president, vice-presidents and a designated number of directors, who together should constitute a board of trustees to whom the management of the affairs of the institution was committed. In the case of the Providence Institution the corporators were no fewer than 126 in number, but seven of these constituted a quorum.

Such a form of organization doubtless possesses certain advantages over that of a smaller number of corporators who are themselves the board of trustees. One of these advantages is the association of a large number of persons of character and influence, having a responsible connection with the institution, and being in a degree interested in its success and prosperity. The name, fame and credit of the institution thus would be more widely extended than if limited to a much smaller number. Another incidental advantage of this form of organization would be the ease with which the responsible management could, at each recurring anniversary meeting, be re-formed, and discordant elements eliminated.

What disadvantages such a system may possess is not entirely clear.

Examination of these early charters shows that while an effort was made to give legislative direction and limitation to the investments of Savings Banks by designating "public stocks, either of the United States, this State or some of the towns thereof," and also bank stock, as those in which it should be the duty of the trustees to invest, the practical force of the limitation was destroyed by the further mention of "private securities, at the discretion of a standing committee of the board," which practically left the range of investments unlimited.

Not until 1858 was there any general law designed to promote uniformity in respect to investments and to im-

pose upon all Savings Banks alike certain definite limitations to their discretion.

The earliest action of the Rhode Island Legislature toward compelling trustees of Savings Banks to account to the State for the manner in which their trust was executed, was the adoption of a resolution by the General Assembly at the June session in 1848, requiring these institutions to make return of their condition on the first Monday in July following. There were then seven institutions of this class in operation in the State.

The prohibition against loaning any of the moneys of the institution to trustees was enforced in the most practical manner by making all who even by their presence and silence countenanced such a loan, personally responsible for the same.

THE SAVINGS BANK OF NEWPORT

The Savings Bank of Newport, Newport, R. I., is one of the oldest in the country, having been incorporated June 1, 1819. If there were any special facts or circumstances leading up to the incorporation, it has been found impossible to obtain them.

The corporators, named in the charter, were: Robinson Potter, Dutee J. Pearce, James Townsend, Thomas Townsend, Jr., Benjamin Hadwin, David Melville, Archibald Munro, Harvey Sessions, Joseph Lyon, Jr., Wm. H. Rathbone, Stephen Bowen, Noah Barker, S. Dean, Wm. Tilley, Jr., George Irish, Nicholas G. Boss, James Lovie, Andrew Hunter, Gilbert Chace, David M. Coggeshall, W. A. Smith, Mercier J. Burdick, John W. Cahoone, John Barber, Solomon G. Weaver, Isaac Burdick, R. B. Cranston, E. P. Sherman, John Cahoone, Wm. Coggeshall, John Slocum, John W. Stevens, George Wanton, Thomas Brinley, Benjamin B. Mumf, C. F. Allen, John L. Boss, Jr., Solomon Townsend, Thomas Melvill, Josiah C. Shaw, Thomas W. Brown, Charles Cotton, George W. Cole, Wm. James Tilley, William Lovie, Stephen H. Cahoone, George Engs, William S. Nichols, John F. Townsend, C. M. Thurston,

James Taylor, Anthony V. Taylor, Isaac Gould, Charles Feke, William Ellery, Jr., David Williams.

The first directors were: David King, 1819–1835; Edward W. Lawton, 1819–1830; Job Sherman, 1819–1847; Benjamin Hazard, 1819–1821; Richard K. Randolph, 1819; Dutee J. Pearce, 1819–1832; James Stevens, 1819–1824; Nicholas G. Boss, 1819–1830; Stephen T. Northam, 1819–1855; John Slocum, 1819–1830; James Taylor, 1819–1832; Harvey Sessions, 1819–1832; Benj. B. Mumford, 1819–1826; Nathaniel Sweet, 1819–1845; Charles Cotton, 1819–1831; Robinson Potter, 1819–1835; George Engs, 1819–1846; David Melville, 1819–1856; Isaac Gould, 1819–1853; Stephen Bowen, 1819–1828; S. Fowler Gardner, 1819–1835; Josiah C. Shaw, 1819–1821; James Townsend, 1819–1826; Wm. F. Dillingham, 1819–1824; John P. Mann, 1819–1821; John Cahoone, 1819–1835.

PRINCIPAL OFFICERS SINCE ORGANIZATION

The principal officers, from the beginning to the year 1916, were as follows:

Presidents: Stephen T. Northam, 1819–1835; George Engs, 1836–1846; John Stevens, 1847–1848; Benjamin Finch, 1849–1878; Richard Cornell, 1879–1888; James C. Swan, 1889–1898; Charles E. Hammett, Jr., 1899–1903; J. Truman Burdick, 1903–1908; Wm. H. Hammett, 1909—

Vice-Presidents: Samuel Brown, 1861–1864; David J. Gould, 1865–1878; James C. Swan, 1879–1888; Charles E. Hammett, Jr., 1889–1903; Thomas A. Lawton, 1889–1906; Benj. B. H. Sherman, 1906–1907; Henry C. Stevens, 1907–1911; William Paine Sheffield, 1911—

Treasurers: Benjamin Hadwin, 1819–1835; Joseph Martin, 1835–1836; Henry C. Martin, 1836–1839; Charles Gyles, 1840–1848; Samuel S. Gyles, 1849–1863; William H. Sherman, 1864–1894; Grant P. Taylor, 1894—

Assistant Treasurer: H. G. Wilks, 1906—

Secretaries: George Mumford, 1819–1824; George T.

Weaver, 1824; Benjamin B. Howland, 1825–1877; William G. Stevens, 1878–1902; William H. Hammett, 1902–1909; William P. Carr, 1909—

FINANCIAL STATEMENT

The general balance sheet of June 30, 1915, for which the author is indebted to George H. Newhall, Bank Commissioner for the State of Rhode Island, shows that on the date mentioned the assets and liabilities of the institution balanced at $10,638,344.69. The assets included: Bonds of the United States $200,000; bonds of States and territories, $275,000; bonds of cities, counties, etc., in New England and New York, $1,830,000; bonds of cities, etc., other than New England or New York, $475,000; railroad and terminal bonds and equipment notes, $1,306,830; electric and street railroad and other bonds, $1,601,222; loans on mortgages of real estate, $4,303,082; bank building, $50,000; deposits in banks and trust companies, $272,-231; cash on hand, $28,434.

Included in the liabilities were: Deposits, $9,579,888; surplus, $399,005; profit and loss, $158,970; guaranty fund, $500,000. The surplus, profit and loss, and guaranty fund, based on securities at book values, amounted to $1,057,976; the same at estimated market values, $909,788.

The following additional facts and figures have been obtained:

MISCELLANEOUS

Amount of deposits, last report	$ 9,289,489 19
Amount deposited during year	1,296,803 38
Dividends credited during year	364,196 71
Total	$10,950,489 28
Withdrawals during year	1,370,601 01
Amount of deposits at end of year	$9,579,888 27
Number of accounts of less than $500	6,838
Number of accounts of $500 and less than $1,000	1,123
Number of accounts of $1,000 and upwards	2,317
Total	10,278

Largest amount due one depositor	$169,148 21
Average balance at end of year	$932 07
Number of accounts at beginning of year	10,154
Number opened during year	1,311
Total	11,465
Number closed during year	1,187
Total number at end of the year	10,278
Number of loans not exceeding $3,000 each	1,798
Aggregate amount of same	$2,133,592 79
Whole number of loans on real estate	2,110
Average amount of same	$ 2,045 99
Amount loaned on real estate during year	379,275 00
Number of new real estate loans made during year	228
Average rate of interest received on loans	5 per cent.
Rate of dividends paid during the year	4 per cent.
Rate of last dividend	2 per cent.
Average rate of dividends for last 3 years	4 per cent.

Interest begins third Saturday of January, April, July and October.
Interest is credited third Saturday of January and July.
Annual meeting of corporation, Friday preceding third Saturday of July.
Total expenses for the year, exclusive of state taxes and expense of annual audit:—

Amount paid for salaries	$12,600 00
Amount paid for other expenses	6,706 29
Total	$19,306 29

PRESENT OFFICERS AND TRUSTEES

(Elected July 14, 1916.)

Wm. H. Hammett, president; Wm. Paine Sheffield, vice-president; G. P. Taylor, treasurer; H. G. Wilks, assistant treasurer; Wm. P. Carr, secretary; E. S. Burdick, book-keeper; A. L. Slocum, clerk; Clark Burdick, counsel.

Trustees: Anthony Stewart, Peter King, Wm. P. Carr, Bradford Norman, William K. Covell, Wm. P. Buffum, Wm. W. Covell, G. P. Taylor, Wm. H. Hammett, Wm. Paine Sheffield, Wm. A. Sherman, H. C. Stevens, T. T. Pitman.

Auditing Committee: William P. Buffum, William W. Covell.

Standing Committee: Wm. H. Hammett, Wm. A. Sherman, Wm. P. Carr, Bradford Norman; Wm. P. Carr, secretary.

STATEMENT OF DEPOSITS AND DIVIDENDS

The following is a statement of the deposits made in this bank by ten-year periods since 1828 (prior to which time the records are incomplete), and annually since 1907:

Date		*Amount of Deposits*	*Amount of Dividends*
1828	Jan.	$ 23,263 25	$ 488 07
	July	26,339 20	564 52
1838	Jan.	73,539 31	1,727 68
	July	73,701 51	1,739 06
1848	Jan.	109,925 39	2,996 67
	July	112,336 42	3,097 77
1858	Jan.	622,578 07	17,258 92
	July	643,679 47	17,791 32
1868	Jan.	1,849,773 90	67,504 20
	July	1,938,790 39	70,755 54
1878	Jan.	4,516,231 84	128,256 06
	July	4,390,813 36	104,952 91
1888	Jan.	5,659,009 95	106,627 38
	July	5,676,289 44	107,993 97
1898	Jan.	6,839,126 98	130,233 88
	July	6,897,108 92	131,547 98
1906	Jan.	7,113,564 25	130,070 40
	July	7,155,046 91	131,948 63
1907		7,361,630 85	
1908		7,648,692 87	
1909		8,023,077 12	
1910		8,343,979 46	
1911		8,691,568 39	
1912		9,015,918 48	
1913		9,235,144 27	
1914		9,550,368 19	
1915		9,802,717 19	
1916		10,265,867 58	(to Oct. 27, 1916)

The present rate of interest is 4 per cent.

The bank has paid dividends continuously with one exception (January, 1844), since April, 1820, when the rate was 5 per cent. In January, 1821, it dropped to 1½; in July, following, it was 2; January, 1822, it was 5; July, 4½, and from that date to 1828 it was 5 per cent. continuously.

PROVISIONS OF THE ORIGINAL CHARTER

The principal provisions of the charter of the Savings Bank of Newport, R. I., were as follows:

There were fifty-seven incorporators named in the Act. It was

authorized to receive deposits of money, and to use and improve the same for the purposes and in accordance with the directions mentioned in the Act.

All deposits were required to be invested in public stocks, or other securities, to the best advantage.

The profits were to be divided and applied among the depositors in just proportion, with such reasonable deductions as the management might require.

The deposits were subject to withdrawal at such times and in such manner as the corporation should direct.

The corporators were to choose annually twenty-five directors, to have the management of the institution; they were also to have the power to choose other persons corporators.

Embodied in the Act was an elaborate system of by-laws for the government of the corporation. Among these were the following:

Not less than one dollar received, and not less than five dollars put at interest.

Deposits to be invested in the stocks of the United States, of the State of Rhode Island, of some of the banks in the town of Newport, or in that of the National Bank, or in private securities at the discretion of a standing committee of three persons elected annually by the directors; or the moneys might be loaned to one of the incorporated banks in Newport.

No director or officer to borrow any of the funds of the corporation.

Dividends to be declared in April and October, at the rate of five per cent. per annum, on sums deposited three and six months.

Extra dividends once in three years.

Moneys to be withdrawn only on the third Wednesday of January, April, July and October, and on one week's notice in writing of intention to withdraw.

Directors to serve without compensation.

Directors not to be held responsible for any losses that might occur, from whatever cause, except their wilful, corrupt misconduct, in which case only those present and guilty of the misconduct were to be answerable for the same.

The proposed payment of five per cent. as the stated interest was merely an experiment, and the directors pledged themselves to increase the rate so soon as experience proved it to be practicable.

The amount of deposits at no time was to exceed an aggregate of $200,000.

No deposit was to be received from any person at one time or on one day greater than $100, except in the case of seamen wishing to deposit their wages.

Of course many of these earlier restrictions were removed by subsequent legislation.

By the provisions of an Act of the General Assembly of Rhode Island, passed at the May session, 1881, the bank was permitted to receive deposits in the aggregate not exceeding ten million dollars.

By Act passed at the January (1898) session, it was provided that the bank might discriminate between deposits by declaring and paying smaller dividends on the excess of any deposit over two thousand dollars than on the residue of the deposit: but such difference in dividends was not to exceed 1 per cent. per annum, nor be made against deposits for charitable purposes.

THE PROVIDENCE INSTITUTION FOR SAVINGS, PROVIDENCE, R. I.

The Providence Institution for Savings, Providence, R. I., was incorporated in October, 1819. On the 20th day of November following, the institution received its first deposits. These were twenty-seven accounts, amounting in all to the sum of $1,014.

At the close of business, July 15, 1916, the bank's resources and liabilities balanced at $31,535,642.13; of the liabilities, $29,895,989.88 was due the 53,707 depositors.

The dividend on July 17, 1916, was at the rate of 4 per cent.

PRESIDENTS SINCE ORGANIZATION

Thomas P. Ives was president, from the commencement of the institution, in 1819, to 1835.

Sullivan Dorr was elected president in October, 1835, but it does not appear that he accepted, or ever attended a meeting after his election.

Benjamin Hoppin was president from October 3, 1836, to May 27, 1865.

Robert H. Ives was president from October, 1865, to July, 1875.

William Goddard was president from October, 1875, to April, 1900.

Gilbert A. Phillips was president from April, 1900, to November, 1908.

Edward D. Pearce has been president from November, 1908, to the present time.

The bank was first opened in a room on South Main Street which it occupied until 1837, when the building was destroyed by fire, and the institution was then moved to the basement of the Providence Bank. In 1854 a new building was erected, just south of the Providence Bank, and on May 1st, 1854, it was opened for business. The present bank building was erected in 1898, on the site of the old building, additional land having been purchased for that purpose. The present location has been occupied by the institution since May, 1854. The building now occupied was opened for business, March 7, 1898.

CONDITION AT THE CLOSE OF BUSINESS, JULY 15, 1916

RESOURCES

United States Bonds	$1,000,000.00	
State Bonds	1,505,012.00	
City Bonds	3,845,670.00	
Town Bonds	282,645.00	
County Bonds	97,250.00	
Railroad Bonds	11,178,633.00	
Street Railroad Bonds	2,693,250.00	
Miscellaneous Bonds	671,531.00	
Bank and Trust Company Stocks	944,645.00	
Other Stocks	845,800.00	$23,064,436.00
Loans on Mortgages in Rhode Island	$1,828,370.00	
Loans on Mortgages in other States	2,980,115.00	4,808,485.00
Loans on Personal Security, and on Collateral		2,083,341.82
Real Estate, including Banking House		76,000.00
Cash on hand and in Banks		1,503,379.31
		$31,535,642.13

LIABILITIES

Amount due 53,707 Depositors		$29,895,989.88
Federal Income Tax (collected)		10.00
Guaranty Fund	$ 400,000.00	
Surplus	1,239,642.25	1,639,642.25
		$31,535,642.13

PRESENT OFFICERS AND TRUSTEES

Edward D. Pearce, president; Howard O. Sturges, first

vice-president; Frank W. Matteson, second vice-president; Henry D. Sharpe, third vice-president.

Board of Investment: Edward D. Pearce, Frank W. Matteson, Howard O. Sturges, Henry D. Sharpe, John Ormsbee Ames.

Board of Trustees: Edward D. Pearce, Howard O. Sturges, Samuel R. Dorrance, Horatio N. Campbell, William Gammell, Robert W. Taft, Henry D. Sharpe, Robert H. I. Goddard, Jr., Frank W. Matteson, John Ormsbee Ames, William L. Hodgman, Jesse H. Metcalf.

LeB. Bradford, treasurer; John H. Ormsbee, clerk.

THE PATROON

CHAPTER XII

NEW YORK'S SECOND INSTITUTION

Incorporation of the Albany Savings Bank, March 24, 1820—Opened for Business, June 10, 1820—Early Restrictions on Withdrawals—First Loan on Bond and Mortgage, to Stephen Van Rensselaer—The Bank's Handsome Home—Officers Since Organization—The Original By-Laws.

THE Albany Savings Bank ranks not only as one of the strongest, but is the second oldest in the State of New York, the Bank for Savings in the City of New York antedating it by one year as an incorporated institution. Within four years it will be able to celebrate its centenary.

The petition of William James, Charles R. Webster, Jesse Buel, John Townsend and Joseph Alexander, of the City of Albany, praying for the passage of an act authorizing the establishment of a Savings Bank in the City of Albany was presented in the Assembly, January 28, 1820, and referred to a select committee consisting of Messrs. McKown, Irving and Sharpe. Just one week later, the committee reported:

> That they have considered the subject referred to them, and are of the opinion, unanimously, that the experience which has been had in the establishment of Savings Banks, under proper regulations, has sufficiently tested their importance to public morals, and their great benefit to those classes of society who are usually the most improvident.
>
> The committee refer to the annual report of the Savings Bank in the city of New York, as the best comment on the practical utility of such an institution, and they have directed their chairman to ask for leave to bring in a bill conformable to the prayer of the petitioners.

Here is convincing proof that by this time the prejudice in the legislative as well as the popular mind against Sav-

ings Banks,—no matter what might still have been the feeling toward banks in general,—had disappeared. The beneficent character of these institutions was so clearly shown, as a result of their practical operation even for a short time, that all objections at once fell to the ground. From that time on it was plain sailing.

The bill encountered no opposition whatever; the ayes and noes were not called for in any stage of its progress. It passed the Assembly March 18, and the Senate on the 23d day of the same month and was returned from the council of revision on the 24th, approved.

The incorporators and first managers, named in the Act (Chap. 100, L. 1820), were: Stephen Van Rensselaer, president; William James, 1st vice-president; Joseph Alexander, 2d vice-president; John Townsend, 3d vice-president; Charles R. Webster, Jesse Buel, Thomas Russell, Volkert P. Douw, John W. Yates, William Durant, Douw Fonda, Simeon DeWitt, Peter Boyd, John Spencer, John L. Winne, William McHarg, Matthew Gill, Harmanus Bleecker, and Silvanus P. Jermain.

SOME EARLY RESTRICTIONS

The first meeting of the board of managers was held in the rooms of the Chamber of Commerce on May 16, 1820, and a committee was appointed to prepare a system of by-laws. The bank was opened for the reception of deposits every Saturday evening from six to nine o'clock, but no moneys could be withdrawn except on the third Wednesday of January, April, July and October. An attending committee was to be at the bank during the time it should be open to keep the minutes, etc., and to note particularly the amount deposited and drawn out and report the same to the board of managers; there was also a funding committee, which met every Monday afternoon at four o'clock to invest such sums as had been deposited on the Saturday previous.

It was the duty of the secretary, besides keeping the minutes of the meetings, etc., "to cause to be provided fuel, candles, etc., for the accommodation of the board of man-

agers." It also appears that the board of managers had the right to compel any depositor to withdraw his account, after suitable notice, and we find that this privilege was often exercised during the first eight years and a number of depositors were notified to withdraw their money. This would seem to have been the case when the accounts were upwards of three hundred dollars.

The bank was first opened for business at the New York State Bank, on Saturday, June 10, 1820, with Joseph Alexander, Volkert P. Douw and Silvanus P. Jermain as the attending trustees. The first depositor was Joseph T. Rice, whose occupation was recorded as that of a silversmith. The other depositors on that day were one carpenter, one cartman, one clerk, three gentlemen, one laborer, five mechanics, two merchants, one seamstress, one servant, one waiter (Adam Blake, father of the late proprietor of the Kenmore Hotel), one widow and one whose occupation was not given. All of these deposits have been drawn out, but an account that was opened on the next business day, by the deposit of one dollar, was not closed until the month of June, 1881; the deposits actually made on this account totalled six dollars, but with the accumulation of interest it amounted to about one hundred dollars.

In 1827 the Legislature passed an amendment to the articles of incorporation so as to allow the moneys of the institution to be invested in the stocks of the State or of the United States, or in the stock of any or either of the banks in the cities of Albany or Troy, or to loan its moneys to said banks or to the City of Albany.

In 1828 an arrangement was made by which the Commercial Bank, of Albany, took the deposits of the Savings Bank and agreed to do the business without expense to the latter; all investments, however, to be made in that class of securities authorized by law for the Savings Bank. From time to time other amendments of the bank's charter were made by the Legislature so as to enlarge the scope of investments.

In the fall of 1844 the following resolution was adopted:

Resolved, That the Savings Bank be opened hereafter for the reception of deposits from females only on Wednesday afternoons of each week from four to five o'clock, and also as heretofore, on Saturday of each week between the hours of five and seven P. M.

The first loan on bond and mortgage was to Stephen Van Rensselaer for thirty thousand dollars on his lumber yards and stone mill, the trustees having directly authorized the Commercial Bank to make such loan. In 1847 the contract with the Commercial Bank was modified so that, in addition to paying the interest on the deposits, etc., it should pay the trustees of the Savings Bank the sum of two thousand dollars per annum, to go to a surplus fund. At this time, the deposits having risen to about five hundred thousand dollars, it was resolved that the bank should be opened daily for the transaction of business during the usual banking hours, except on holidays.

In 1844 a seal was adopted bearing the following device: In the center a view of the City Hall from the southwest. The motto within a scroll in large letters, "ECONOMY." The legend inscribed within a circle around the above device: "THE ALBANY SAVINGS BANK—Incorporated 1820."

In 1861 the contract with the Commercial Bank was extended for one year, that institution agreeing to pay three thousand dollars a year to the surplus fund, and the Savings Bank agreeing "to pay any deficiency that may arise from non-payment of interest, including the interest due July 1, 1861, on State of Tennessee bonds; also on the other securities and real estate on which the interest or rent may have been unpaid on said first day of July, 1861, for the six months then preceding which may be and remain unpaid for same during the extension of the contract."

The first action looking to separation of the Savings Bank and the Commercial Bank, was taken on April 23, 1870, and at the same time a committee of seven was appointed to take into consideration the purchase of suitable real estate for a bank building and make such other and further changes in the general management of the institution as they might deem expedient. The complete separa-

tion of the two institutions took place on the first day of July, 1871, when Henry H. Martin was appointed treasurer.

At the time of the moving of the Savings Bank to No. 71 State Street, its assets were $2,839,570.28, of which sum $2,714,355.01 was due depositors, and $125,215.27 was surplus. The number of accounts in the bank at this time was 7,380.

THE BANK'S HANDSOME HOME

The land upon which stands the present beautiful structure of the Albany Savings Bank, on North Pearl Street and Maiden Lane, cost $145,000. The plans accepted were those of Henry Ives Cobb, of Chicago; the total cost of the building and vault was about $240,000, not including the furniture, desks and counters. The building is one story in height, with basement, and is devoted exclusively to the business of the bank. In respect to both beauty and utility, the structure is admirable, compelling universal admiration. The handsome trustees' meeting room has a vaulted paneled ceiling and open fireplace, and in the mahogany panels are portraits of the former presidents of the bank. Each one of these portraits has been presented to the bank by descendants of the respective officers. Its cost was about $400,000; of this amount, $100,000 has been taken out of the surplus and charged to profit and loss. The building occupied from 1875 to 1899, at State and Chapel Streets, was sold to the City of Albany for the sum of one hundred thousand dollars. The present edifice was finished in April, 1899.

The building is one story in height, with basement, and is devoted exclusively to the business of the bank. It has a frontage on North Pearl Street of 106 feet and a depth of 87 feet on Maiden Lane. The height of the building is 46 feet eight inches to the top of the roof; this is surmounted by a dome of about 48 feet in height; the entire height from the floor of the banking room to the apex of the dome is 94 feet. The main entrance on North Pearl Street has a

broad stoop of five steps leading to a loggia containing the main doors leading into the bank. The pediment of this loggia is supported by six immense granite monoliths, thirty feet long and weighing about twenty tons apiece. The pillar cap is carved in the Corinthian order of architecture. This dome is fifty feet in diameter and covers the entire width of the main banking room below. It is constructed of steel frames into which are set sheets of plate glass, thus giving ample light to the entire banking room.

This main banking room is one of the finest and most imposing in the State, lighted through the dome, which acts as an immense skylight during the day and as a lantern during the night, for it is fitted with a large number of electric lights so arranged that a perfect flood of light can be thrown into the banking room, producing the effect of sunlight. The floors are of Tennessee marble, of a uniform selected color, and the entire banking room is wainscoted with a pure white statuary marble sixteen feet high, topped with a handsomely carved molding. At the south end of the banking room is a magnificent fireplace constructed of marble of antique design, and over the mantle an allegorical picture in mosaic, representing "Thrift and Frugality." There are other handsome rooms for the purposes of the bank, and in the basement, dining room, lavatories, cloak rooms, vaults for the storage of papers, books, etc., engine rooms, heating apparatus, electric motors, etc.

The vault, on the main floor, is built of thick plates of open-hearth steel and chrome steel with heavy steel doors and four huge time locks. Inside the vaults are safes for keeping money and securities.

At the time of the incorporation of the Albany Savings Bank, there were in the country ten Savings Banks, with 8,635 depositors and $1,138,576 on deposit. The average amount due each depositor was $131.86, and the average per capita in the United States was 12 cents. To-day (June, 1916) the average due each depositor is $442.83, and the average per capita amounts to $49.91, with the nation's population estimated at 100,125,000.

OFFICERS SINCE ORGANIZATION

The following is a complete list of the officers of the Albany Savings Bank, since its organization in 1820:

Presidents: Stephen Van Rensselaer, 1820–1839; John Townsend, 1840–1854; Gerrit Y. Lansing, 1854–1862; Rufus H. King, 1863–1867; Harmon Pumpelly, 1867–1882; Henry H. Martin, 1882–1886; J. Howard King, 1886–1900; William Bayard Van Rensselaer, 1900–1909; Marcus T. Hun, 1909—.

First Vice-Presidents: William James, 1820–1832; Peter Boyd, 1840–1843; Joseph Alexander, 1843–1846; Teunis Van Vechten, 1846–1854; Rufus H. King, 1854–1863; Jacob H. Ten Eyck, 1863–1872; Frederick J. Barnard, 1872–1876; Robert H. Pruyn, 1876–1882; Henry H. Martin, 1882–1882; J. Howard King, 1882–1886; Matthew Hale, 1886–1897; William Bayard Van Rensselaer, 1897–1900; Marcus T. Hun, 1900–1909; Ledyard Cogswell, 1909—.

Second Vice-Presidents: Joseph Alexander, 1820–1840; Teunis Van Vechten, 1840–1846; Samuel Stevens, 1846–1854; Jacob H. Ten Eyck, 1854–1863; Harmon Pumpelly, 1863–1867; Frederick J. Barnard, 1867–1872; Robert H. Pruyn, 1872–1876; Ezra P. Prentice, 1876–1876; J. Howard King, 1876–1882; Marcus T. Hun, 1882–1900; James D. Wasson, 1900–1912; Thomas I. Van Antwerp, 1912—.

Third Vice-Presidents: John Townsend, 1820–1840; Samuel Stevens, 1840–1846; John L. Winne, 1846–1849; Gerrit Y. Lansing, 1849–1854; John L. Schoolcraft, 1854–1860; Frederick J. Barnard, 1863–1867; Robert H. Pruyn, 1867–1872; Ezra P. Prentice, 1872–1876 (office discontinued).

Treasurers: John W. Yates, 1820–1828; Henry Bartow, 1828–1840; James Taylor, 1840–1854; Andrew White, 1854–1858; Visscher Ten Eyck, 1858–1863; Eliphalet Wicks, 1863–1867; James Martin, 1867–1871; Henry H. Martin, 1871–1882; Theodore Townsend, 1882–

1905; Benjamin W. Johnson, 1905–1913; Henry D. Rodgers, 1913—.

Secretaries: Silvanus P. Jermain, 1820–1842; William McHarg, 1842–1845; Robert H. Pruyn, 1845–1863; Franklin Townsend, 1863–1876; Theodore Townsend, 1876–1882; William Kidd, 1882–1895; Ledyard Cogswell, 1895–1912; Frederick Tillinghast, 1912–1914; Frederick Townsend, 1914—.

Assistant Treasurers: Benjamin W. Johnson, 1883–1905; Henry D. Rodgers, 1905–1913; Edward J. Toole, 1913—.

Assistant Secretary: John T. Perry, 1905—.

PRESIDENT MARCUS T. HUN

Marcus Tullius Hun, who has been president of the Albany Savings Bank since 1909, was born in Albany, N. Y., May 22, 1845, the son of Dr. Thomas and Lydia Louisa (Reynolds) Hun; was educated principally at the Albany Academy, Dummer Academy, Byfield, Massachusetts, Union College and the Albany Law School; admitted to the bar at Albany, in 1866; has been a practicing lawyer since that time. In January, 1872, Mr. Hun was appointed deputy attorney general of the State of New York, serving for two terms and meanwhile continuing the practice of the law with his brother.

Mr. Hun was for many years—1874–1905—the official reporter of the Supreme Court of New York, issuing altogether, 200 volumes of these reports; he declined reappointment in 1905. Mr. Hun was for a number of years actively interested in public affairs; organized a Citizens' Association, the executive committee of which was known as the Committee of Thirteen. In the capacity of counsel to this Committee, Mr. Hun conducted successful litigation to prevent the payment of fraudulent claims against the City of Albany, and did much to purify the civic affairs of his native city; in 1885 was presented a service of silver by citizens in recognition of his valuable and gratuitous work in this important field.

Mr. Hun was a director of the New York State National Bank for a quarter of a century, and a trustee of the Albany Trust Company for several years. In the fall of 1909 he was elected president of the Albany Savings Bank, of which institution he had been for many years a trustee; upon his election to the presidency of this bank, Mr. Hun severed his official connection with all other financial institutions. Mr. Hun's ancestors have resided in Albany for six generations. He was married in Albany, December 21, 1875, to Miss Mary K. Van der Poel.

THE ORIGINAL BY-LAWS

As a matter of historical interest, an exact copy of the original by-laws is given herewith:

I. The institution shall be denominated the "Albany Savings Bank," and the concerns thereof shall be conducted by a President, three Vice-Presidents and fifteen trustees, who together shall constitute a Board of Managers.

II. The Board of Managers shall meet at least four times in every year, five of whom, with the President, or one of the Vice-Presidents, shall be a quorum.

III. The Managers shall select a Treasurer from their own Board, and shall appoint such other persons as they may deem necessary to be employed in the Bank; the three of their own number shall be appointed as a monthly attending Committee, whose duty it shall be, either together or singly, to attend at the Bank during the time it shall be open, and to have the general superintendence and management of it during the recess of the Board.

IV. The monthly attending Committee shall keep minutes of their proceedings, and shall lay them before the Board of managers, at each regular meeting, noting particularly the amount deposited and drawn out each day.

V. No President, Vice-President, or Trustee shall receive, directly or indirectly, any pay or emoluments for his services, nor be responsible for any loss whatever.

VI. Deposits of one Dollar, or any number of Dollars, shall be received, but no fractional parts of a Dollar.

VII. On the third Wednesday of July and January in every year, there shall be declared and paid a dividend of two and a half per centum, or five per centum per annum, on all sums above five Dollars, which shall have been deposited for the space of six months previous to the first of July and first of January, and one half that

amount on all other sums above five Dollars which shall have been deposited three months or more previous to the above dates, but no dividend shall be allowed on any sum which shall not have been deposited at least three months.

VIII. No interest shall be paid on any sums withdrawn for the period which may have elapsed since the last dividend; nor shall any interest be paid on any sums which shall have been withdrawn before any dividend shall have been declared.

IX. All moneys deposited in the Bank, except such sums as may be deemed necessary to reserve for immediate purposes, shall be invested in government securities, or in stock of the United States or of this State, or as may be hereafter provided by law.

X. All dividends which shall not have been called for within three months after they shall have been declared, shall be added to the principal of the depositor, and shall be entitled to dividends as much as the original deposit.

XI. Dividends may be received either personally, by the order in writing of the depositors, or by letter of attorney. Money deposited shall only be drawn out by the depositor, or by some person legally authorized by the depositor; but no person shall receive any part of his or her principal or interest without producing the original book, that such payments may be entered therein. No money can be withdrawn except on the third Wednesday in January, April, July and October; and one week's notice before the day of drawing must be given to the Treasurer, and no less sum than five Dollars of the capital of any depositor shall be withdrawn, unless the whole sum deposited be less than that amount. All moneys received by the Treasurer shall be in specie, or in bills taken in deposit at par by the incorporated Banks in the City of Albany, and all payments shall be made in the same manner. All checks must be drawn by the Treasurer and countersigned by the President, or one of the Vice-Presidents, provided neither of said Officers act as Treasurer.

XII. All deposits shall be entered in the book of this corporation, and a duplicate shall be given to each depositor, in which the sum paid by him or her shall be entered, and which shall be his or her voucher, and the evidence of his or her property in the said institution.

XIII. The Managers invest the attending Committee with power to close the account, or to refuse the deposits of any individual, whenever they may deem it expedient.

XIV. On the decease of any depositor, the amount standing to the credit of the deceased, shall be paid to his or her legal representative when lawfully demanded.

XV. At the stated meeting of the Board of Managers in January of each year, they shall make a particular statement of their accounts,

to exhibit to the Legislature of this State, and a duplicate thereof to the Common Council of the City of Albany.

XVI. There shall be a Funding Committee of three Managers, who, together with the Treasurer, shall meet at four o'clock every Monday afternoon, or oftener if necessary, for the purpose of investing the funds.

XVII. On making the first deposit the depositor shall be required to subscribe and thereby signify his or her assent to the regulations and by-laws of the institution.

XVIII. The Bank shall be open for the reception of deposits on Saturday evenings, from 6 to 9 o'clock.

XIX. The Managers may at any time make such other regulations or alterations in those previously made, as may be deemed necessary; and all such by-laws and alterations shall be equally binding on all depositors as those by them subscribed, after the same shall have been duly made known.

XX. It shall be the duty of the Secretary to keep a book in which shall be entered the proceedings of the Board of Managers at every meeting; to notify the Managers of the meetings and the Committees of their terms of service, and to cause to be provided the fuel, candles, etc., for their accommodation.

XXI. It shall be the duty of the Treasurer to receive the money from the Committee on Monday of every week and to deposit it on the same day in the Bank or Banks that the Managers may direct; and to inform the Funding Committee of the sum on hand.

XXII. It shall be the duty of the Accountant to attend at the Bank during Bank hours, and to enter the deposits in the books of the Bank, and of the depositors, and to comply with the instructions of the Treasurer and attending Committee.

XXIII. It shall be the duty of the Funding Committee to attend every Monday afternoon, and to invest the money deposited as they shall see fit; and they are empowered to call upon the Treasurer for the balance in his hands, and to report to him the investment of the said monies. No transfer of stock shall be made above five thousand Dollars, without a special order of the Board of Managers.

XXIV. The Managers shall be at liberty to return the amount of all or any part of the deposits, on giving two months' notice of such intention.

XXV. All monies shall be deposited and invested in the name of the "Albany Savings Bank."

XXVI. The Managers are empowered to fill up any vacancy which may occur in their number by ballot. All nominations to fill such vacancies must be made at least one regular meeting before the election.

XXVII. The monthly attending Committee shall have the general

superintendence of the Bank during their month; and in case of the death, absence, or inability of any member or members of that Committee, it shall be the duty of the Secretary to notify the like number from the next monthly Committee, beginning at the first name on the list and proceeding from month to month until the vacancy shall be filled; and it shall be the duty of such members, when so notified, to give their attendance accordingly.

XXVIII. No deposits shall be received from any corporate bodies.

ALBANY SAVINGS BANK

INCORPORATED 1820

Year	*Deposited*	*Withdrawn*	*Due Depositors*	*Dividends*	*Open Accounts*
1820	$19,957	$803	$19,143	$460	No record
1825	10,992	8,956	36,856	1,664	No record
1835	121,313	77,922	250,411	10,230	882
1845	219,768	154,129	493,575	19,669	2,314
1855	462,356	494,016	1,082,982	46,537	4,711
1865	1,041,578	1,379,326	1,976,496	79,700	7,129
1875	1,838,526	1,565,209	4,577,467	236,065	9,797
1885	2,416,220	2,511,124	8,411,242	269,001	17,047
1895	4,505,945	3,662,884	17,660,883	641,877	30,079
1905	7,242,089	6,407,833	31,716,070	1,031,847	46,746
1915	6,849,991	7,061,584	35,525,159	1,332,710	52,538

CHAPTER XIII

POSTAL SAVINGS BANKS IN EUROPE AND AMERICA

Sir Charles Sykes the First to Propose Their Establishment—Ready Means of Introducing the Money Order System—An Instant Success in England—Other Countries Follow—Features of the System Described—Bitter Opposition in the United States Finally Overcome, and the Plan Is Inaugurated in 1911, with Moderate Success—Late Statistics.

To Mr. Charles Sykes, afterward Sir Charles Sykes, of Huddersfield, England, must be given the credit of having first proposed the establishment of Post Office Savings Banks. This was in the year 1859. Savings Banks had then been in successful operation for practically half a century throughout the civilized world. Mr. Sykes was a member of a local banking company, and had been giving the subject of extending the benefits of Savings Banks much thought. Having conceived the idea of using the Post Offices of the country for that purpose, he wrote Mr. Gladstone, then Chancellor of the Exchequer:

> It will be scarcely credited that at the present time (1859), there are in the United Kingdom fifteen counties in which there are no Savings Banks (under government control), and although difficult to ascertain the exact number of towns, there are probably one hundred with a population varying from 10,000 to 30,000 each, and nearly two thousand other towns and places, with populations ranging between 1,000 and 10,000, all without Savings Banks! Compared with ordinary banks, there are nearly five hundred towns or places in the United Kingdom in each of which there are one or more private or joint-stock banks; but in none of them does there exist a single Savings Bank to aid in promoting those habits of forethought and thrift so essential to the progress and prosperity of the people. Concurrently with this absence of Savings Banks, the aggregate income of the working classes has, through the general prosperity, gone on increasing until it has now reached a magnitude beyond all former experience.

There were additional reasons for the adoption of new

depositories for the savings of the people in the fact that more than one-half of the regular banks were open only one day in the week, and then for only a few hours. It seemed quite apparent to every one except those most closely concerned in their management, that the Trustee Banks were not properly catering to their patrons.

PRACTICABILITY OF THE PLAN SOON PROVED

Mr. Sykes' plan had the further merit of costing the Government very little for administration, and in addition it afforded a ready means of introducing the money order system. Its entire practicability was at once apparent to the Government, and in two years' time Post Office Banks were an accomplished fact. They became an instant success. At the close of the year 1908, no fewer than 15,275 offices had been established, with over eleven million of depositors, having credits aggregating over 160,000,000 pounds sterling. In addition to this, there were over 20,000,000 pounds sterling invested in Government stock for 153,262 depositors, so that at the date stated there were over 184,000,000 pounds sterling to the credit of Post Office depositors. It is safe to say that not even the founder of the system could have anticipated any such stupendous success.

The effect upon the Trustee Banks was, of course, marked. While at the close of the year 1861, the number of these banks was 643, with deposits amounting to 41,000,000 pounds, twenty-seven years later their number had been reduced to about one-half, though the deposits increased by from five to six millions sterling. This is explained by the fact that very many of the Trustee Banks, by reason of inefficient management, and loss of popular confidence had given up the struggle, while the larger, stronger and better conducted institutions more than maintained their own.

On this subject, James Henry Hamilton says, in his work, "Savings and Savings Institutions," p. 355: "The most unique incident of the growth of the state system

(Postal Savings) in England has been the marked tendency to absorb the patronage that has been built up by the trustee banks. There is a decided tendency to a monopoly of the field, and the annual reduction in the number of institutions of the trustee type points to their final extinction, with the exception of a few well entrenched institutions which tend to assume the character of investment societies rather than savings banks—and at no very distant date. This condition cannot be accounted for on the ground of any scarcity of the trustee spirit—there is perhaps more of it in England than in any other country. The chief reason must be found in the superior adaptation of the post-office system to the needs of the working class; it cannot be assigned to any doctrinal preference for a public institution. The fact that the one class is regarded as absolutely solvent and that there is more or less of risk to deposits in the other is doubtless an important factor."

THEIR RAPID GROWTH IN GREAT BRITAIN

From their beginning in 1861, the success of the Post Office Savings Banks in Great Britain has been remarkable, as shown by the appended table:

Year To December	*No. of Offices*	*No. of Depositors*	*Amount of Credit*
1862	2,535	178,495	£ 1,698,221
1871	4,335	1,303,492	17,025,004
1881	6,513	2,607,612	36,194,495
1891	10,063	5,118,395	71,608,002
1892	10,519	5,452,316	75,853,079
1893	11,018	5,748,239	80,597,641
1894	11,323	6,108,763	89,266,066
1895	11,518	6,453,597	97,868,975
1896	11,897	6,802,035	108,098,641
1897	12,212	7,239,761	115,896,783
1898	12,582	7,630,502	123,144,099
1899	12,995	8,046,680	130,118,605
1900	13,341	8,439,983	135,549,645
1901	13,672	8,787,675	140,392,916
1902	14,048	9,133,161	144,605,088
1903	14,362	9,403,852	146,135,147
1904	14,614	9,673,717	148,339,354
1905	14,862	9,963,049	152,111,140
1906	15,074	10,332,784	155,996,446
1907	15,213	10,692,555	157,500,077
1908	15,275	11,018,251	160,648,214
1913	.....	13,198,609	182,248,661

The unequivocal success of Post Office Savings Banks in England led other continental countries, as well as British colonies, to follow in the same lines, and Canada inaugurated them in 1868, Belgium in 1870, Italy in 1876, Netherlands in 1881, France and Sweden in 1882, Austria in 1883, Hungary in 1886, and later, Russia, Finland, Australia, Africa and Japan. Everywhere they seem to have fully met governmental and popular expectations.

FEATURES OF THE SYSTEM DESCRIBED

The general features of Post Office Savings Banks which, though differing in some details in various countries, are substantially the same, are thus described in the New International Encyclopedia (p. 303):

Deposits may be made by any person at any postoffice. Depositors are provided with passbooks in which the amount of the deposit is entered by the local office, and within a few days an official receipt is mailed to the depositor from the general office. In rural communities carriers are allowed to receive deposits. To encourage employees to extend the system, Holland, Finland and Russia allow local officials commissions upon passbooks issued and deposits entered. Most countries provide for a minimum and maximum deposit. The minimum is usually about 20 cents, but a card is issued upon which stamps may be affixed until they amount to that sum, when the card is taken by the bank and the deposit is credited. This device has been found especially adapted for use in schools. In England and France the fund representing the aggregate deposits is invested in government bonds. In the other countries a wider latitude of investment is permitted, such as municipal and corporate bonds, real estate, mortgages, and even personal security. The deposit is in all cases guaranteed by the Government. Interest on deposits is computed annually, the usual rate being 3 per cent. The maximum deposit is £200 in England and 1,000 lire in Italy. If this sum be exceeded no interest is allowed on the excess. Withdrawals, like deposits, may be made from any postoffice. A delay of a few days is usually necessary for withdrawal, though a system of withdrawal by telegraph has been provided. Postal Savings Banks usually serve two other functions besides receiving deposits. These are: (1) the providing of annuities and the writing of life insurance; (2) serving their customers as agents in purchasing government securities. Austria and Hungary have gone a step farther and provided for accounts subject to check.

These institutions are now operated in all the principal nations of the world except Germany. That they fill a real need, and add incalculably to the saving power of the countries that have adopted them, cannot be questioned. All the theoretical objections to them seem to have disappeared in practice.

POSTAL SAVINGS BANKS IN AMERICA

In the United States, the opposition to Postal Savings Banks was bitter and determined, and for many years successful. It was predicated largely upon the fact that the country had, after many years, succeeded in building up a splendid system of Mutual Savings Banks, to which men of ability and experience gave gratuitous service, and that this vast trust, aggregating thousands of millions of dollars, had been most wisely and faithfully administered. It was argued that governmental supervision in the case of the National Banks had proved of great value to the people, and that a similar policy of oversight of the savings institutions would be equally beneficial, if for no other reason than to establish a uniform system of examination which is now left to the varying laws of the different States.

Myron T. Herrick, of Cleveland, Ohio, voiced the principal objections to this innovation, when he said, before the Savings Banks Association of the State of New York, in 1898:

> It is difficult to see how the interests of the depositors in Savings Banks can be served by placing these deposits with the postmasters throughout the country, whose terms of office are unstable and subject to frequent changes, and who are not generally appointed because of any aptitude for the banking business. The bankers cannot see how these deposits would be surrounded with any greater safeguard, stowed away in the depository of some crossroad postmaster, than if they were resting in the custody of the Savings Banks in highly efficient burglar-proof vaults provided especially for their keeping. Nor can the banker from his point of view appreciate the argument of the postal savings advocate that greater freedom of circulation is to be given these funds by their transfer from the numerous banks throughout the country to the government centers, thus depriving the localities from which the deposits may be collected of the present legitimate use of these funds.

THE CONGRESS GIVES ASSENT

These and other arguments prevailed for a time, but at last, on June 25, 1910, Congress passed the necessary Act and the Postal Savings Banks System of the United States went into operation January 3, 1911, by the opening of such banks in each State. By the terms of the Act, they were placed in the control of a Board of Trustees, consisting of the Postmaster-General, the Secretary of the Treasury and the Attorney-General, with the security of the United States Government for repayment.

Any person over the age of ten years was permitted to make deposits, but no one was allowed to have more than one postal savings bank account in his or her own right. The maximum amount of deposits was $100 in a calendar month, and the minimum, one dollar, but to provide for smaller deposits a postal savings card is issued for ten cents, to which may be attached postal savings stamps, which, when filled, will be accepted in lieu of one dollar. The interest rate allowed is 2 per cent., credited once a year, and the highest balance permitted to one person is $500. Upon making the first deposit a certificate of deposit is issued, which is to be surrendered when paid and canceled, or in the event of making a subsequent deposit is to be surrendered for one calling for a higher amount. An initial appropriation of $100,000 was made to cover the cost of putting the law in operation, and this was supplemented by another of $500,000. The funds received are to be deposited in National and State banks at 2¼ per cent. interest; 5 per cent. of these deposits may be withdrawn and kept in the Treasury of the United States as a reserve. Not over 30 per cent. of the funds deposited may be withdrawn by the trustees for investment in United States bonds, the remaining 65 per cent. to remain on deposit in the banks in each State qualifying as depositories. These funds, however, may be withdrawn under the direction of the President "when in his judgment the general welfare and interests of the United States requires."

TIME ALONE CAN DECIDE WHAT IS BEST

After an exhaustive analysis of the subject, Hamilton reaches the conclusion that the Post Office type is the best adapted to do the work which representatives of the other types leave undone, and that it is on the whole the best fitted to the social needs of people of all sorts of social conditions. To bring the system to a still greater degree of perfection, he suggests the following improvements: Freedom of withdrawal and deposit through any office, by post or by wire (where the postoffice includes a telegraph service) without cost to the depositor; the right of depositing and withdrawing through letter carriers; and the distribution of all the net earnings among the depositors in the form of interest. While he believes the Trustee system is well adapted to a community which combines conservatism with considerable philanthropic spirit, and conceding its advantage of extraordinary elasticity of form, he regards it liable to degenerate into an investment society for the better conditioned classes, and not to be relied upon to reach into the small communities nor to cover a wide extent of territory. In reaching such a conclusion, it is possible that this careful student and painstaking investigator overlooks, or at any rate underestimates the influence of the comparatively modern development known as "banking by mail," by means of which many of the larger Savings Banks of the Trustee class, particularly in New York State, serve widely separated communities that have no convenient Savings Bank in their territory with great satisfaction.

Bolles ("Practical Banking," 1884), says, on the subject of the relative permanence of the different forms of savings banking: "Our examination of the functions of a Savings Bank brings us to the conclusion that it is simply a money making corporation—an association of small capitalists who combine for the purpose of having their small investments possess an earning power by aggregation. . . . The entire resources of the bank, whether credited to depositors or to surplus, are the absolute property

of depositors as an association. The trustees are a body whose constitution is somewhat anomalous, being the unpaid custodians of money not their own, but whose duties are assumed as a public burden and as a distinction. This latter peculiarity, the constitution of a board of trustees, which is independent of the real proprietors of the concern, seems to me the only point which gives a Savings Bank as now organized, a right to be called a benevolent institution. It is benevolent for the trustees to give their time and services without compensation in the management of the money of others. It is not benevolent, however, to invest a man's money and pay him over the proceeds. Although in practice this plan of organization has worked better than the one where there is a body of stockholders whose capital is substituted for a surplus as guaranteed to depositors, yet it is by no means proved that the advantage would not be on the side of the latter form, which eliminates all pretense of benevolence and makes the Savings Bank what we believe it to be, a pure matter of business. Of the three forms of associated banking, viz., the mutual, the stock, or business-like form, and the government, which, of late years, is becoming the subject of experiment, time alone can decide which will serve as the fittest."

NOT AS YET A FORMIDABLE RIVAL

Without doubt, the Postal Savings Banks meet the requirements of a certain class in our great cities. These are for the most part foreigners, those who seem to have a constitutional distrust of all banking institutions except those directly connected with or conducted by the Government. They are quite content with a small rate of interest. They save in very small amounts, when they save at all.

But that the Postal Savings Banks will prove formidable competitors of the regular Savings Banks to any such extent as they have in Europe, especially in Great Britain, seems improbable. It may be added that the class of depositors above referred to is one of the least desirable for Savings Banks. Being extremely emotional and easily in-

fluenced by rumor, they are among the first to withdraw their money in cases of panic and the most frequent causes of runs upon perfectly solvent and well-managed institutions. For these and other reasons, the establishment of Postal Savings Banks is to be considered a move in the direction of financial stability.

Every person in the country over the age of ten years may now open an account in a Postal Savings Bank. Prior to July 1, 1916, such banks were restricted to the patrons of the post offices where the bank was located. Persons residing at considerable distances from post offices may now open accounts with the nearest postmaster.

The department is preparing to issue a leaflet in twenty-two languages, describing the Postal Savings Bank and its operation, for distribution among foreign residents of the United States. Of 500,000 depositors in the Postal Savings Banks in this country, about 200,000, or 40 per cent., are of foreign birth.

STATISTICS OF POSTAL SAVINGS BANKS, UNITED STATES

Balance to the credit of depositors, June 30, 1914, $43,444,271; deposits during fiscal year 1915, $70,314,858; deposits withdrawn during fiscal year, $48,074,421; balance to credit of depositors, June 30, 1915, $65,684,708; balance on deposit in banks, June 30, 1915, $60,086,318.94.

The number of depositors was 524,414, showing an average of more than $125 for each depositor.

All June records for postal savings deposits were eclipsed in 1916, when a net gain of more than $3,800,000 was shown, quadrupling the net increase for June, 1915. The gains were general throughout the country, notably in the smaller industrial centers, according to figures given out at the New York Post Office.

Country-wide prosperity of wage earners and liberalizing postal savings legislation of May 18, which removed the limit on deposits of $100 a month and increased the amount

that may be accepted from a depositor to $1,000, are given as causes for the increase.

On June 30, 7,701 Post Offices were accepting deposits in the United States, Alaska, Porto Rico, and Hawaii. All but 854 of the depository offices were of the Presidential grade. The number of depositors approximated 603,000, with $86,000,000 standing to their credit. Of this sum, $73,000,000, or over four-fifths, was accumulated at the 448 offices having deposits of $20,000 and over. Of the Post Offices having $100,000 on deposit, five showed a gain of more than 100 per cent. in the fiscal year.

CHAPTER XIV

SCHOOL BANKS AS AN AUXILIARY

Their Real Value Now Generally Conceded—Pioneer Work of John H. Thiry—The System Firmly Established—Long Island Plan Fully Described—Indirect Results of Marked Value—New York's Splendid Campaign—Late Statistics—Duties and Obligations of the Schools Toward Pupils, Parents and the State.

As an auxiliary to the regular institutions for systematic accumulation by wage-earners, the School Savings Bank has proved its worth, as well from the standpoint of dollars and cents as for its distinctly educational value in the inculcation of habits of thrift.

That little word thrift is pregnant with meaning. It signifies much more than the mere putting of a few dollars in a bank each week or month. It means economy, industry, forehandedness, the care of little things and their proper uses. It is evident that children who are taught to practice thrift will grow up useful, helpful, self-reliant, careful—in a word, THRIFTY.

The home, of course, is the proper place to begin this training, and parents are charged with the initiative, but it would seem that home instruction can be profitably followed up systematically in the schools of the nation. The plan of establishing School Savings Banks, now being revived throughout New York and in many other States should be encouraged in every possible way.

Man is very largely the creature of his environment. Habit governs much of his coming and going, from the cradle to the grave. Habits formed in youth being always the strongest, it is of supreme importance that they should be GOOD HABITS.

There are few habits more worthy of cultivation than

that of systematic saving. To send a child to the bank to make his or her own deposit is most wise; it instills a personal pride in the account that is hardly ever effaced. The child feels the joy of real ownership, sees the account constantly growing, and realizes what saving means and how rapidly money breeds money. It teaches self-reliance and independence as nothing else ever does.

Victor A. Lersner, Comptroller of the Williamsburgh Savings Bank of Brooklyn, has well said: "None will deny that the Mutual Savings Bank system at least is a quasi-national institution, and if we can develop School Savings Banking to its fullest possibility I fully believe that we can make better future citizens of our present day youth than through any other instrumentality."

School Savings Banks originated in France—the home of thrift—in the year 1834. Their growth was not rapid, and it was many years later before any considerable number were to be found. Their spread throughout Europe was largely due to the constant efforts of Prof. François Laurent, of the University of Ghent.

JOHN H. THIRY A PATHFINDER

It appears to be a fact that the first attempt of this kind in the United States was in Beloit, Wisconsin, in the year 1876, by Serena F. Merrill. However, the greater part of the credit of giving these institutions a permanent footing in this country belongs to the late John H. Thiry, a native of Belgium and a citizen of the United States by adoption. Having become deeply impressed with the extravagance of American children, and realizing that improvidence in youth means improvidence if not poverty in old age, Mr. Thiry sought a remedy, and concluded that it was to be found in two places, the home and the school, and that the one should be made to coöperate actively with the other. The schools taught many things, he argued, then why not thrift?

Being a trustee of the public schools of Long Island City, to which place he had retired after a successful business

career in New York as a dealer in old and rare books, Mr. Thiry found no difficulty in gaining the consent of his fellow trustees to try the experiment; it succeeded, and up to the time of his death, in 1911, Mr. Thiry was the School Savings Bank's best friend, "its ardent and constant advocate and its only statistician,—even copyrighting his forms so as to keep in touch with those who would use them."

It was Mr. Thiry's custom, for a number of years, to go to the public schools of Long Island City and offer competitive cash prizes for the pupils who showed the greatest improvement in writing, spelling and arithmetic. At the time these prizes were distributed, Mr. Thiry would usually pay them in silver dollars, which seemed to the children more valuable than paper money, and he would ask the recipients, "What are you going to do with it?" After listening to the child's reply, he would suggest that the money be placed in a Savings Bank.

As a result of the efforts of Mr. Thiry, ably supplemented by those of Mrs. Sara L. Oberholtzer, of Philadelphia, and others, the movement in recent years has spread rapidly. Their purpose has been admirably stated by Abraham London, teacher in Public School No. 122, Brooklyn. It is "to promote the habits of thrift and saving among children, to acquaint them with the meaning and use of banking forms, and to give to the children managing the bank an insight into banking business and banking methods." The money thus saved which otherwise might have been spent—and largely misspent—is not the prime consideration; the highest recommendation of these institutions is in their educational value, in their character-building. It is this feature which has made successful appeal to educators and thinkers throughout the country.

To use Mr. Thiry's own words:

> Here, then, is the field, the inspiration, and the aim of the school banking system. It takes the principles of frugality and thrift down into the training-ground of the young—the public schools—and confirms them in those habits upon which success in their future strug-

gles for competence will depend. By so doing it fosters the morals, for a better manhood is inseparable from a frugal life. Thus school banking is in thorough harmony with the school; for, as the school aims at making a good citizen, so likewise does school banking. It is an object-lesson in political economy, and is of telling import when the pupil at last crosses the line which divides the worlds of business and study.

THE SYSTEM NOW FIRMLY ESTABLISHED

It would be difficult to state the benefits of School Savings Banks in a more forcible way. And it is encouraging to be able to add that, from doubtful experiments made in the year 1885, the system has now become firmly established, being in successful operation in thirty-seven States; it has besides, given rise to philanthropic organizations of a more general character, such as the Penny Provident Fund of New York, the Provident Savings Bank of Baltimore, and the Stamp Savings System of Grand Rapids, Michigan.

The pioneer in this movement in the State of New York was Long Island City. Here in the year 1885, it was the privilege of Mr. J. H. Smedley to open the first School Savings Bank account in the East, under Mr. Thiry's direction. The department is still in a very flourishing condition, with three thousand accounts and an aggregate of about $60,000 on deposit.

THE LONG ISLAND PLAN DESCRIBED

Various plans of conducting School Savings Banks have been suggested and tried. The Long Island plan, which is one of the most successful, seems worthy of a detailed description. These rules and regulations seem to be the shortest and simplest that could be devised; they were drawn up after five years' trial of the system in the schools of Long Island City, Bayshore, Islip, Babylon and elsewhere. In themselves they constitute a valuable lesson in order and discipline, which also has its educational value. These regulations have proved to be a great improvement upon the European plan and have received the enthusiastic

endorsement of prominent educators in both continents.

The coöperation of the Savings Bank nearest the school is a necessity. If the Savings Bank officials are willing to receive the deposits of the scholars, the school superintendent, or the principal, should fix the day and hour (the most convenient to both) when the deposit of the money may be made, and this deposit should be promptly attended to on the day of collection.

When the superintendent, or principal, has fixed the day and hour for receiving the savings of the scholars, he may briefly address the children, during the closing exercises of the previous Friday, and call their attention to the benefits and advantages of the practical lessons of thrift and economy as about to be exemplified to them by the new system, at the same time dwelling upon the great injury they are doing themselves by spending their pocket money for candies, chewing gum, cigarettes, etc. He will also inform them that their teachers will be ready, on such a day, to receive all sums from a cent to a dollar, and that the money collected will be deposited in the Savings Bank in the name of the principal as trustee, to be transferred to the scholar when the sum amounts to one dollar and over. A regular bank book will be delivered to the scholar on the last Friday in the six months' period, and the scholar will return this book to his or her teacher the following Monday. This bank book constitutes the pupil a creditor of the Savings Bank, and frees the teacher from all responsibilities in the financial transaction. The deposit will always be subject to the depositor's order—that is, it can be withdrawn from the Bank whenever desired. It is one of the fundamental principles of the Savings Bank, and it is important besides, that the pupil who has saved his pennies should know this fact. This will remove the fear of possible loss, and encourage the thought that he will find the fruit of his privations when needed.

During the course of the collection of the savings, the teacher is expected to give the pupils, from time to time, by precise facts, the general principle of saving, and seek

to inculcate in the children and in their parents a clear idea of the character of the School Savings Bank.

Every Monday, only, and before the morning session, at nine o'clock, the teacher of each class, in calling the roll, receives the savings of the pupils—one cent and upwards. In calling a name the child must say, if he has anything to deposit, "Yes, one cent"; or, "Yes, five cents"; or whatever he has. He must immediately rise from his seat and deliver his money, with his weekly card, to the teacher, who counts the money and inscribes the amount in the Monday column of the roll book, and upon the weekly card upon which the name of the pupil, the teacher, and the amounts of previous deposits are inscribed. This card must be kept by the pupil, and must be presented every Monday if a deposit is to be added to it. In calling the roll, if nothing has been saved, the pupil must answer "No," and the teacher makes a mark to that effect, at the same time marking the attendance. When the teacher has concluded calling the roll and collecting the money, he or she sends the money in a sealed envelope to the principal who is the *de facto* temporary treasurer. Ten to fifteen minutes is considered sufficient to call the roll and collect the money of a class of fifty scholars. Of course the first collection will require a little more time, possibly half an hour. And it may be remarked that the teacher of each class does not require any other book in which to inscribe the deposits of the scholars than the ordinary roll book, the amount of the deposits to be inscribed in the Monday column if the day selected for that purpose be Monday.

The principal receives, immediately after collection, in a sealed envelope, the amount collected by each teacher separately, and at the close of the afternoon session he sends the money to the Bank.

At the first general deposit of the money of a school sent to the bank by the principal, he receives a bank book in which is deposited the total amount collected by the several teachers in his school each week. At the semi-annual period, the teachers send to the Bank, on the list furnished

to them, the name, amounts, and book numbers of each scholar in their class. As the list of each class is received separately by the cashier, he returns to the school the bank books of each class, tied in a separate bundle, with the list, and this avoids confusion.

The teacher cannot withdraw any funds personally. Money is withdrawn upon application of the owner of a bank book, and approval of the parents to the principal, who fills out a blank.

The weekly card, which is copyrighted, is furnished by the bank. They cost about $2 per thousand, and authorization to print and use them is accorded free on application.

Amounts less than one dollar are not credited to the individual scholar. Such money is kept in the bank to the credit of the principal in what is called "A General School Fund," until the scholar has deposited one dollar, and then a bank book is given. As a general rule, the bank books of the scholars are kept by the principal in the school. They are sent to the bank once in six months to add the new deposits for the past period. The bank books are returned to the principal. The principal allows the scholars to take their bank books home once every six months, on Friday, to be returned the following Monday.

When the scholar has deposited one dollar or more, he is entitled to a bank book free of cost, but deposits will draw interest only when the amount is five dollars, or over.

So long as the scholar attends school, the bank book is kept by the principal, but when a scholar leaves school the bank book will be surrendered to the child, who can then withdraw the money at any time with the parent's consent, by procuring the signature of the principal, without which the deposits cannot be withdrawn.

During the two months' summer vacation, as the teachers are supposed to be out of the city, if any scholar depositor wishes to withdraw any portion of his money, or add to his deposit, the cashier of the bank will deal with the scholar depositors as he does with all his adult patrons,

excepting that his mother, or father, must countersign all drafts.

FOSTERS GOOD HABITS AMONG PUPILS

By conducting the transactions of this system with punctuality and regularity, the teacher will foster the habit in the pupil of being regular and punctual in all his acts.

As may be seen, provision has been made to satisfy these three conditions:

First: To make the mechanism as sure and simple as possible.

Second: To reduce to the minimum the work and the responsibility of the teacher.

Third: To give the School Savings Bank all the educational value possible.

A Savings Bank is above all an establishment of public utility, enjoying some privileges: it is not a Banking House choosing its depositors. It is open to every one who may want to save, and more especially to the poorer classes of society. When the pupil leaves the school, he may continue his economical habits without changing his relation to the bank—that is, he may continue to use the same book.

The money deposited in the Savings Bank by pupils, is subject to the same rules and regulations, and under the same conditions that the money deposited by grown people is.

The extension of the system of School Savings Banks throughout the schools of the Union, will, at the same time, give an impetus to many small Savings Banks in the rural districts, especially where the people are not acquainted with the rules and the benefits of these institutions.

In the early times an old stocking, a hole in the floor, or a crevice in the wall, were considered a sufficient method for such of the poor who cared to save anything, and if that crude method proved unsatisfactory to any one, it was not possible to obtain better.

The new system will popularize the idea of economizing,

and will help, to a certain extent, the progress of Savings Banks.

THE BROOKLYN PLAN

Another successful plan is that devised by Mr. A. C. Clark, a Brooklyn school teacher, and known as the Brooklyn plan. This has the advantage of conforming quite closely to the actual methods in use in regular Savings Banks.

Largely as the result of a systematic propaganda by the Savings Bank section of the American Bankers' Association, in the year 1912, there has been a decided revival of interest in the subject, especially throughout the Middle West.

The first School Savings Bank of the Brooklyn type inaugurated in Chicago was on April 8, 1914, since which time a total of sixty-one Savings Banks have been established. Thirty of the regular banks in the Illinois metropolis coöperate with the schools; the results for the sixty-one school banks from the time the first one was installed to June 30, 1915, are summarized as follows: Total number of accounts opened, 13,638; total number of accounts closed, 7,316; number of accounts remaining open, 6,322; total deposits received, $27,115.94; total interest paid by depository banks, $74.25; total withdrawals, $10,254.60; total transfers from school savings banks to interest-bearing accounts at regular banks, $11,200.90; total remaining on deposit, $5,734.69.

WORKING OF THE SYSTEM IN THE WEST

The experience of the City of Minneapolis, Minnesota, with the School Savings Bank system is interesting, if not typical. The city has a population of some 325,000. About eight years ago the system was taken over by the largest Mutual Savings Bank in the city—the Farmers and Mechanics'—which has over 70,000 depositors. The undertaking was assumed at the request of the Associated Charities, the Clearing House Association of banks and the Board of Education of the city. All expenses are met by

the bank, which operates the stamp plan, not the pass book system. Principals and teachers are not required to do the actual work in connection with the system, although they are asked to encourage the pupils to use it. The bank sends to the school its own representatives, young women who give their entire time to the work. No interest is paid on stamp deposits until they are transferred to regular interest bank accounts. The cost to the bank is about two and a half times interest at current rates on the average amount of school stamp deposits; but the promoters of the plan are content to have a deficit for the present, at least, inasmuch as the institution was established for the purpose of encouraging habits of thrift and economy in the community; and no objection was ever made by any of the bank's depositors to this expense.

The results of seven years' operation of the system in Minneapolis is shown in the appended table:

	1909	*1915*
No. of children depositors at end of school year.....	9,712	30,486
	1908–9	*1914–5*
Am't deposited for the year	$25,033	$69,208
A'mt of interest accounts opened in school year	$6,726	$40,653
	1909	*1915*
Deposits at end of year	$14,178	$41,504
Total am't in 7 years deposited on stamp ac't		$349,008
No. of children who have opened regular interest bank accounts		14,819
Am't transferred to regular interest bank acc'ts		$170,494

One of the surprises of the system, mentioned by Mr. N. F. Hawley, Treasurer of the Farmers and Mechanics' Savings Bank, Minneapolis, and President of the Savings Bank Section of the American Bankers' Association, is the number of cases in which the small accumulations of school savings have provided the means of additional schooling. Mr. Hawley well says in summing up the matter of advantages and disadvantages:

> The two fundamental reasons for carrying on the work are, after all, these: Its educational training and the resultant prosperity of the community. Other considerations such as the profits of the bank or the money saved which might otherwise be misspent—these are

minor matters. The general effect on the community ought to appeal to the banks. When the city or town prospers the bank will. When the people are thriftless, the banks will lose deposits. The most selfish view of the matter, therefore, ought to warrant the necessary time, effort and expense on the part of the banks until the public authorities take the matter over. Even if the banks cannot see immediate returns, nevertheless have they not a duty? They cannot restrict all consideration to selfish reasons alone. Banks are public servants, performing public services. They have obligations they cannot ignore. Why should not bankers rise into the class of physicians and teachers who recognize obligations which they owe to the public whether they are compensated or not?

INDIRECT RESULTS VERY VALUABLE

Answering the question, "Does it pay?" it may be said, speaking from the standpoint of actual bank balances, that it does not, but from the many indirectly valuable influences, emphatically, "Yes." One of these influences has been that upon the parents, many of whom have received their first suggestion along the line of savings from this very school system, and have opened accounts which never would have been opened but for the constant nagging which the children gave their parents on school day for some money, be it little or much. In many cases also it has been noticed that children ask their parents if there is not some odd work about the house or elsewhere which they might do to enable them to earn some money with which to make deposits in the School Savings Banks.

Again, where sickness and distress have visited a family unexpectedly, many a mother, and some fathers, have gone down to the bank and withdrawn a portion of the money which their children were fortunate enough to have saved. The many good words of these people for the School System indicate their kindly feeling for the scheme of saving which enabled them to turn themselves under adverse circumstances, even though the amount was small.

It should be remembered that in the inculcation of economy, the fair sex may be more helpful than the men. In the household of the workman and artisan, it is the woman who has charge of and regulates the everyday de-

tails of expenditures. It is she who, by wise economy, can lay aside small sums so as to provide for the larger expenses, such as rent, provisions, etc. An old adage says: "The woman erects or ruins the house." A prominent educator has said: "In bringing up a boy, you make a man; when you bring up a girl, you bring up a family." Hence the importance of forming in young girls habits of economy and frugality.

It is claimed further by those who have carefully watched the operation of School Savings Banks that by reason of their operation and the lessons of thrift they inculcate, there is a noticeable decrease in the tendency on the part of school children to buy things that are not necessary, especially various sorts of cheap confections, some of which have a detrimental effect upon the health of pupils. The fact has also been pointed out that the coöperation between parents and children in the matter of economy and thrift, results in greater confidence on the part of the parents, particularly those of foreign birth, in the savings institutions.

These facts being undisputed, it is to be hoped that members of school boards will not be merely complacent in the matter, but will take the initiative in carrying on such work as a part of the regular curriculum in the schools in their charge.

NEW YORK'S SPLENDID CAMPAIGN

"One hundred new School Savings Banks for New York City during the Thrift Centennial Year," was the watchword of the campaign in the metropolis which began on the first of March, 1916. The results of that work up to the 1st of July, 1916, showed that the aim of the campaign had been set far too low, for the mark of one hundred was reached and passed.

The Board of Education, working in conjunction with the Savings Bank section of the American Bankers' Association and the Savings Banks of the greater city, began about the first of February, to lay before the principals of

the five hundred odd schools of the city the value to be derived from the persistent teaching of thrift. This was accomplished by the use of an active newspaper campaign and a monthly letter sent out by the Savings Bank section.

The Board of Education provided a teacher, A. N. Clark, who had originated the so-called Brooklyn system of public school banking, and who had worked successfully with it for over six years, to give instruction in the operation of the system to those desiring to start a school bank.

The Savings Bank section and the Savings Banks of the city perfected an arrangement with a large printing house to provide complete sets of stationery and equipment sufficient for 1,000 accounts upon the call of the school principals, the Savings Banks advancing the funds necessary for these initial equipments. As a result, every objection heretofore advanced against the installation of school banks was removed. In many of the schools the banks were actually installed for the principals, thus removing the final objection of lack of time to attend to the matter or the plea of pressure of other school duties.

Up to the end of June, 1916, 105 applications for new School Savings Banks had been received by the Board of Education, and of these over eighty had been installed and placed in operation. The remainder will be ready to open during the first weeks of the fall term. The new school banks are all in a flourishing condition, meeting with the hearty approval and active support of the children, teachers and parents. The parents of the pupils are also becoming actively interested as the movement spreads, and are beginning to demand the extension of the system to more schools. The Department of Education has an enrollment of about 800,000 children, of whom about 200,000 are now enjoying the privileges extended to them through their school bank.

It was the intention to carry on the campaign through the fall and winter, with the expectation that instead of one hundred new school banks the city would be able to point to at least 250 as the result of its year's work.

One of the most successful public school banks is that conducted at public school No. 147, Manhattan, of which William A. Kettman is principal. The bank was opened on March 3, 1916, and closed its books for the year on June 23 following. The total deposits for this period were $3,234.36; the number of depositors exceeded 1,800. Nearly one hundred pupils have opened regular savings accounts with the Metropolitan Savings Bank. In spite of heavy withdrawals by 200 of the graduating class and by others needing money for vacation expenses, the school bank reopened in September with a cash balance of $1,798.46.

One of the sad events of the year 1915, was the announcement of the failure of the Pittsburgh Bank for Savings, which had among its depositors 41,000 school children who had placed in that institution for safe-keeping $167,-136.68 of their little accumulations. It was stated that the failure was in no way due to dishonesty on the part of the bank's management, but rather to unwise or unprofitable investments. The event, however, was turned to gladness when the announcement was made by the Associated Press on Christmas eve, that one of Pittsburgh's big-hearted and noble-minded millionaires, H. C. Frick, had offered to pay in full as a Christmas gift every school account on the bank's books. It is such splendid deeds as this of Mr. Frick's that renew our faith in human nature.

It should be understood that the failed concern was not a Mutual or Trustee bank, but did a general business.

SCHOOL SAVINGS BANK STATISTICS

In the year 1914, the Savings Bank Section of the American Bankers Association arranged with the Comptroller of the Currency of the United States to gather statistics relating to the School Savings Banks of the country. The States having such banks were: New Hampshire, Maine, Vermont, Rhode Island, Massachusetts, Connecticut, New Jersey, New York, Pennsylvania, Delaware, District of Columbia, Virginia, South Carolina, Georgia, Alabama,

Texas, Arkansas, Kentucky, Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Kansas, Montana, New Mexico, Nebraska, Washington, Oregon, California, Nevada, Arizona. The total number of cities having established such banks was 280, New England showing 75, Eastern States 74, Southern States 15, Middle Western States 80, Western States 16, Pacific States 20. The appended table, showing statistics as of January 1, 1915, gives further details of interest:

	Number of Schools	*Number of Pupils*	*Number of Depositors*	*Amount of Deposits*	*Number of accounts transferred to regular bank accounts*
Individual schools ..	283	136,282	37,051	$305,195.57	11,783
Systems	1,482	704,722	334,964	1,170,068.67	91,476
Over the counter	160	87,780	26,525	317,375.86	1,736
Total U. S. (280) cities	1,925	928,784	398,540	$1,792,640.10	104,995

NOTE: The individual school system is not under the control of the superintendent of schools or board of education. The term "systems," refers to the savings systems installed in all schools by the board of education or superintendents, the accounts being kept in the superintendent's office. The term "over the counter" is applied to those schools where the deposits are not collected in the school, the system being operated directly through the bank.

Since the above table was prepared, a large number of additional schools, including more than one hundred in Greater New York, have joined the movement, as one of the direct results of the thrift campaign conducted by the associated bankers of the American Bankers Association, the Savings Banks Association of the State of New York, and others.

In the State of New York, prior to the present thrift movement, there were 110 schools, in twenty-four cities, having school savings systems, with 28,334 depositors and an aggregate of $139,545.34 of deposits. The number of accounts transferred to regular Savings Bank accounts was 6,400.

DUTIES OF THE SCHOOLS

The closely allied question whether the schools of the country should teach, besides thrift, preparedness and patriotism, has led many educators of prominence to inquire seriously whether the schools can carry an additional load, for it has long been the custom to say, " The public

schools should teach it," whenever any one thinks he has discovered a defect in a community. Thus, the schools have added to the old fundamentals, cooking, sewing, drawing, music, manual training, vocational courses and craftswork.

Dr. A. R. Brubacher, president of the New York State College for Teachers, Albany, New York, recently expressed some sane and sensible views on the subject of military training in the schools. In his opinion the demand to add training for the national defense has a prior claim over any or all of these. He does not believe that anything of a practical nature in the way of training in maneuvers or in practice with the machinery of war is practicable, but he does think that chemistry might be taught in a way that will contribute to the national defense, as well as physical fitness and a spirit of loyal patriotism. A recent report showed that less than 10 per cent. of the men applying for service in the United States marine corps during the year 1915 were found physically fit. School medical inspection has demonstrated that only about 25 per cent. of the children are free from serious physical defects.

Dr. Brubacher maintains that it is the bounden duty of the schools to train the children of the land to be ready to serve their country and, if need be, to sacrifice all for it. Deep and loyal love of country is a prerequisite to adequate national defense.

"We are as yet an undisciplined people," says Dr. Brubacher. "We are not accustomed to make sacrifices for the commonwealth. We are noted for lack of obedience. Our Regular Army and National Guard officers say the recruit finds it hard to obey. We are a willful people. Personal liberty is our dearest possession. Obedience is not one of the conspicuous virtues of American homes. We lack respect for public men and public things. We delight in derogatory remarks about our aldermen, our policemen, our legislators,—even about our governors and presidents. We grumble over the tax rate. We avoid taxes. We avoid our duty. We regard office holding as a privilege

instead of as a duty. We recognize few or no duties to the State, and accept its benefits as a matter of course."

Dr. Brubacher believes it to be the duty of the schools to teach a new civics, a civics that will awaken the boys and girls to the fact that the State is a beneficent institution to which they are indebted for all they enjoy in the way of public education, public health, public safety and tranquillity, property rights, liberty and justice—everything that contributes to the pursuit of happiness. When the boys and girls of the land realize this, they will be ready to recognize their duties to the State. It is much more than a mere rhetorical figure to say that the safety of the nation is in the hands of its teachers. They can train the youth to be virile, brave and loyal, and in so doing they will lay the real basis for a national defense. Add to this the virtue of thrift, and the future of the nation will be secure for all time.

Another progressive teacher, Superintendent John M. Mills, of Ogden, Utah, believes every child ought to be taught to work and that the only way to do this is to smash the school machine. He told members of the National Teachers Association, assembled in New York in July, 1916, of schools in Ogden where the girls above twelve years of age make their own clothing and boys make things in the shops that are useful and necessary. "A sentiment should be developed in every community," said Superintendent Mills, "that a boy who graduates from high school without knowing how to make a living should consider himself not only uneducated, but disgraced. Every child should be taught to work at home. A little work scattered through all the years of the child's life will do more toward giving him a point of view, an incentive, a motive in life and real character than anything he can get out of books."

CHAPTER XV

DEVELOPMENT OF SAVINGS BANK LEGISLATION

Serious Objections to the Special Incorporation Plan—First Charters Varied Widely as to Privileges and Powers—Early Beginnings of the System of State Regulation—First General Investment and Organization Laws—First General Law Enacted in 1875, Pursuant to Constitutional Requirement—Railway Bonds First Made Legal in 1898—Salutary Results of State Examinations.

In the early history of the State of New York all banks, whether commercial or savings, were incorporated by special acts of the Legislature. This plan possessed obvious disadvantages. In the first place, it occupied much of the time of the legislators that should have been given to other needed work; second, it afforded opportunities to individual banks to secure special powers, privileges and immunities not possessed by others, opportunities which the promoters of many institutions did not hesitate to utilize to the fullest extent.

Again, the number of trustees designated in the acts of incorporation was not uniform, varying from nine to as many as forty-five; neither was there any uniformity concerning reports of operations. Examinations by state officials were either lacking altogether or merely perfunctory. Some of the charters required annual reports to the Legislature, while others required none at all, and in some cases they were directed to be made to the Common Council of the city in which the bank was located. Usually the charters provided that the books should be open to the inspection of the State Comptroller, or such persons as he or the Legislature might designate.

These early charters also granted wide latitude in the matter of investment of funds on deposit. Some provided for investment in bond and mortgage, in government and

state bonds; others made it lawful for a trustee to be a borrower of the funds of the bank, others, again, strictly prohibited this dangerous practice; some charters permitted the entire amount of money deposited to be invested or loaned at the sole discretion of the trustees, while in others the rule of investment was limited. A law of 1853 prohibited Savings Banks in the counties of New York and Kings from lending on notes, bills of exchange, drafts or any other personal securities whatever, a provision so manifestly wise and proper that it should have applied not only to two counties but to every similar institution in the State.

From time to time these old charters were amended and improved, and as the institutions grew there was witnessed a gradual increase of substantial investments—more money was put into state, city and county bonds, bond and mortgage loans increased, displacing the borrowing by individual trustees, the collateral and other forms of loans. While in a general way the powers of Savings Banks were defined and limited, the admirable statutory regulation now in force was not attempted, nor was there any uniform method of ascertaining and stating the values of securities held. Within certain limitations, trustees were permitted great freedom of management. During the entire banking history of the State up to the year 1875, general laws regulating Savings Banks were surprisingly few.

FIRST STATUTORY REFERENCE TO SAVINGS BANKS

The first reference to a Savings Bank in the statutes of New York occurs in Chapter 62, of the Laws of 1819, which incorporated "The Bank for Savings in the City of New York." This act is noteworthy because of its recital of the motives underlying and prompting Savings Bank legislation. It begins:

> Whereas, the Society for the Prevention of Pauperism in the City of New York have petitioned the Legislature for the laudible purpose of encouraging in the community habits of industry and economy by receiving and vesting in government securities, or stock created and issued under and by virtue of any law of the United

States or of this State, and in no other way, such small sums of money as may be saved from the earnings of trades-men, mechanics, laborers, miners, servants, and others, thereby affording the two-fold advantage of security and interest, and the Legislature considering it their duty to cherish all audible attempts to ameliorate the condition of the poor and laboring classes of the community, etc.

No general act affecting all Savings Banks was passed by the Legislature until the year 1835. It is noteworthy that this first enactment applying to all Savings Banks in the State (Sec. 2, of Chapter 262, L. 1835), relates to so-called "unclaimed deposits," otherwise known as dormant accounts. Apparently the superstition that very large sums remained unclaimed in these institutions throughout the State had arisen at this early date.

Chapter 347 of the laws of 1839 is the next general act affecting Savings Bank interests. Section 1 of that law again relates to dormant, or unclaimed deposits, and extends to three years the period during which the account may remain undisturbed without acquiring a dormant character. Section 2 authorizes the bank commissioners or either of them to visit and inspect Savings Banks whenever they deem it proper, and also requires the commissioner to report to the Legislature the general condition of said banks not less than once in three years. Section 3 authorizes the board of trustees of Savings Banks to accumulate gradually and hold invested in like securities as authorized by the act incorporating said bank a surplus fund not exceeding 10 per cent. on the amount of deposits in said banks . . . *"to the end that in case of a reduction in the market price of the securities or public stock held or to be held by said banks or any of them below the par value thereof any loss to the depositors by reason of such reduction may be prevented or made good to them by means of said surplus fund. . . ."*

BEGINNINGS OF A SYSTEM OF STATE REGULATION

While the Savings Banks of the State continued to do business, each under its own separate charter, the following additional acts were passed to regulate them all, and in these acts are to be found the beginnings of many practices

which have come to be regarded as essential to good Savings Bank management:

Chapter 478 of the laws of 1847 authorized a Savings Bank to deposit funds left with it in the state banks.

Chapter 437 of the laws of 1849 was another regulating unclaimed deposits.

Chapter 91 of the laws of 1850 protected Savings Banks in paying to married women without the consent of their husbands the amount which they had deposited.

Chapter 257 of the laws of 1853 regulated call loans in New York and Kings counties, and forbids interlocking directorates in banks in which the Savings Bank deposits its funds. It establishes a preference for Savings Bank deposits if the financial institution where they are deposited should fail.

Chapter 492 of the laws of 1853 somewhat modifies the provision of the law last above described in regard to interlocking directorates so as to permit these to exist when the directors or trustees hold their office *ex-officio*.

Chapter 72 of the laws of 1854 authorizes Savings Banks to deposit funds in trust companies as well as state banks.

Chapter 336 of the laws of 1855 provides for the distribution of the assets of failed Savings Banks by the receivers thereof.

Chapter 136 of the laws of 1857 appears to be the first law dealing directly with the reports which Savings Banks are to make to the Superintendent of Banks, with the examination he is to make, etc., etc.

Section 132 of the laws of 1858 forbids the use of the title "Savings Bank" by other financial institutions.

Section 136 of the laws of 1858 amends chapter 257 of the laws of 1853 in regard to the investments of Savings Banks in Kings County and New York.

THE FIRST GENERAL INVESTMENT ACT

Chapter 315 of the laws of 1863 is the first general investment law applicable to all the Savings Banks of the State. It provides that it shall be

. . . lawful for the trustees of Savings Banks and institutions for savings to loan the funds of such banks and institutions on the bonds of counties and cities of this State authorized to be issued by the Legislature, provided that by the terms of the act authorizing such issue, provision be made for the payment of such bonds by a tax for that purpose.

Chapter 113 of the laws of 1864 permits loans to be made on county bonds; section 7 of Chapter 761 of the laws of 1866 authorizes local taxing officers to assess and tax the surplus of Savings Banks; Chapter 32 of the laws of 1867 and Chapter 861 of the laws of the same year both relate to the same subject of the taxation of the surplus; Chapter 845 of the laws of 1868 makes certain regulations as to investments and reduces the number of trustees permitted to twenty-one.

In the year 1857, the Legislature gave to the Superintendent of the Banking Department power to supervise the banks of the State, but aside from that act, there were few statutory restrictions compelling the trustees to conduct their affairs in any way materially different from the requirements laid down in the individual charters. From this time on the banks began to gain in deposits in increasing ratio up to 1874, as is shown by the following table (the total of deposits being given in millions):

January 1, 1858	$41,000,000.	January 1, 1866	$115,000,000.
January 1, 1859	48,000,000.	January 1, 1867	131,000,000.
January 1, 1860	58,000,000.	January 1, 1868	151,000,000.
January 1, 1861	67,000,000.	January 1, 1869	169,000,000.
January 1, 1862	64,000,000.	January 1, 1870	194,000,000.
January 1, 1863	76,000,000.	January 1, 1871	230,000,000.
January 1, 1864	93,000,000.	January 1, 1872	267,000,000.
January 1, 1865	111,000,000.	January 1, 1874	285,000,000.

The whole number of Savings Banks reporting in 1874 was 155. Seventy-six banks paid their deposits upon demand through the panic of 1873; only five required notice and adhered to it. Thirty-nine required notice, but these last limited the scope of its operations very much, exercising their discretion in each case where money was demanded as to enforcing or waiving the rule.

In New York that year, some of the larger banks received notice of intention to withdraw considerable sums in the aggregate, but upon the expiration of the term only a small portion of the sums so noticed was withdrawn. The fact shows very clearly that these depositors were actuated by fear or by the intention to reinvest their money, the first

being the more probable, as the duration of the period when notice was required was limited to a very few weeks.

The statement of the investments of the banks shows that the "public stocks" were a medium of exchange to a large extent in liquidating. The amount loaned on "public stocks" January 1, 1873, was fourteen millions, while the amount loaned January 1, 1874, upon the same security was five million dollars.

Late in the Sixties, the general need for uniformity in the laws governing Savings Banks began to be strongly felt by the State Banking Department. The constant and rapid growth of these institutions of thrift, their power in the social economy of the time, their beneficent effects upon the working classes, their value as a public institution to the citizens at large, the volume of accumulated capital they were beginning to control, the investment of large sums to forward government, state and other public improvements, besides supplying private enterprises, plainly indicated that existing laws were crude, insufficient, incongruous, conflicting, and in many cases permitted a laxity of management and control dangerous to the whole system.

FIRST GENERAL ORGANIZATION LAW

In the year 1869, by reason of the large increase in applications for charters, the first general law relative to the organization of Savings Banks in this State (Chapter 213, L. 1869), was passed. This act required all persons desirous of organizing Savings Banks to set forth a statement for the information of the Superintendent of the Banking Department, and to obtain his approval of the proposed charter before it could be submitted to the Legislature for passage.

Notwithstanding the enactment of this statute, the powers, rights and liabilities of the several Savings Banks in the State of New York continued to vary considerably, affecting their stability and rendering supervision increasingly difficult.

Section 4 of chapter 977 of the laws of 1869 authorizes

Savings Banks to invest in municipal bonds given in aid of railroads.

Chapter 693 of the laws of 1871 amends chapter 136 of the laws of 1857 by giving the Superintendent more power, including the right to issue subpœnas for the attendance of witnesses, and the production of books and papers, and an increased ability to suppress dangerous practices.

Chapter 907 of the laws of 1871 authorizes Savings Banks to deposit in banks and trust companies at interest, not over 20 per cent. of the capital of such banks or trust companies, provided the trustees direct such deposit by vote in which no trustee who is a director of such bank or trust company shall take part. This law also provides for the fixing of the number of trustees which shall constitute a quorum of the board.

A GENERAL SAVINGS BANK LAW ENACTED

During the early Seventies a number of Savings Banks went into liquidation. It was believed that the diversity of investments permitted by the special charters made adequate supervision of the investments practically impossible and rendered the whole system properly subject to suspicion on the part of the public. To remedy this situation an amendment to the Constitution of the State was introduced at the constitutional convention of 1874. This finds place, without change in section four of article eight of the present Constitution, and is as follows:

> The Legislature shall by general law conform all charters of Savings Banks or institutions for savings to a uniformity of powers, rights, and liabilities, and all charters thereafter granted to such corporations shall be made to conform to such general laws and to such amendments as may be made thereto, and no such corporation shall have any capital stock nor shall the trustees thereof or any of them have any interest whatever direct or indirect in the profits of such corporation, and no director or trustee of any such bank or institution shall be interested in any loan or use of any money or property of such bank or institution for savings.

Pursuant to the mandatory provisions of this article, which was adopted by the people at the ensuing election and

became a part of the Constitution of the State, the Legislature enacted at its next session the first General Savings Bank law. This was known as chapter 371 of the laws of 1875. From that time on all Savings Bank legislation has taken the form of amendments to this act, or of new acts to be substituted for it. This act contains fifty-four sections, many of which have been separately amended from time to time. The whole act has been revised and reënacted on four occasions, to wit:—By chapter 409 of the laws of 1882, by chapter 689 of the laws of 1892, by chapter 10 of the laws of 1909, and by chapter 369 of the laws of 1914. In all these revisions, except the last, the substance of the law remained practically unchanged. In the last, however, many changes were introduced by the Commission Appointed to Revise the Banking Law.

At the time of the enactment of the law of 1875 investments of Savings Banks were strictly limited to United States bonds, New York State bonds, bonds of States which had not defaulted in the payment of principal or interest within ten years of the date of the investment, and bonds of cities, counties, towns and villages in New York State. In addition Savings Banks might invest in real estate mortgages up to 50 per cent. of the appraised value of improved real estate, but not more than 60 per cent. of the deposits of any bank could be invested in mortgages. By chapter 134 of the laws of 1880 banks were allowed to invest in interest-bearing obligations of the city or county in which the bank was situated. By chapter 287 of the laws of the same year bonds of the District of Columbia were added to the list. By chapter 524 of the laws of 1887 bonds of any city or county in New York State were added.

School Districts and Union Free School Districts came in under chapter 373 of the laws of 1888.

By chapter 525 of the laws of 1890 the percentage of deposits which might be invested in real estate mortgages was raised from 60 to 65 per cent.

By chapter 440 of the laws of 1893 Savings Banks were permitted to purchase bonds of the city of Boston and

Worcester, Massachusetts, St. Louis, Missouri, Cleveland, Ohio, Detroit, Michigan, Providence, Rhode Island, and New Haven, Connecticut, provided the bonded indebtedness of such cities did not exceed 7 per cent. of the valuation for the purposes of taxation.

Chapter 813 of the laws of 1895 added Cambridge, Lowell and Fall River, Massachusetts; Cincinnati and Toledo, Ohio; Grand Rapids, Michigan, Hartford, Connecticut, Portland, Maine, Philadelphia, Pittsburgh, Allegheny, Reading and Scranton, Pennsylvania, Minneapolis and St. Paul, Minnesota, Des Moines, Iowa, Milwaukee, Wisconsin, Louisville, Kentucky, Paterson and Trenton, New Jersey, Baltimore, Maryland, to the list. Springfield, Massachusetts, was added by chapter 454 of the laws of 1896.

Other cities were added by name by chapter 386 of the laws of 1897 and chapter 598 of the laws of 1902.

RAILWAY BONDS MADE LEGAL INVESTMENTS

Railway bonds were first made legal investments for Savings Banks by the provisions of chapter 236 of the laws of 1898. This amendment permitted investments in first mortgage bonds on railways situated in the State of New York, and was practically the same as subdivision (a) in the present investment section.

Section 386 of the laws of 1899 gave a considerable list of railroads by name, beginning with the Chicago & Northwestern Railway Co., and ending with the Fonda, Johnstown & Gloversville Railroad. Savings Banks were permitted to purchase first mortgage bonds, or the bonds which were secured by first mortgage, on a part of these roads.

Chapter 42 of the laws of 1900 added the Chicago & Alton to the Savings Bank list.

Chapter 440 of the laws of 1902 added practically what is now subdivision (c) of the investment section.

Chapter 640 of the laws of 1903 finally capped the climax of railroad legislation by legalizing the refunding bonds of the Fonda, Johnstown & Gloversville road without add-

ing any of the safety requirements which had been thrown around the other railroad bonds legalized for Savings Bank investments.

Undoubtedly this act, together with the issuing of a first and Refunding mortgage bond by the Chicago, Rock Island & Pacific Railway Company, which technically complied with the letter of the New York State Savings Bank law but which seemed to violate its spirit, had a great deal to do in causing the enactment of chapter 401 of the laws of 1905. By this law both the railroad and the city subdivisions of the investment section were modified by doing away with the names of the particular cities and railroads and setting up certain requirements as to size, location, earning capacity and financial record, by which to determine the cities or corporations whose obligations could be purchased by Savings Banks. This act was amended by chapter 581 of the laws of 1906 in such a way as to prevent bonds which had once become legal for Savings Bank investment from being illegalized by the merger of the company which issued them with some other company. Subdivision four of the investment section was amended by chapter 100 of the laws of 1912 and subdivision three was amended by chapter 416 of the laws of 1913. No changes of consequence were made in the investment section at the time of the revision of the Banking Law in 1914 and no changes have been made since the law was enacted except the amendment made by chapter 515, laws 1915, which preserved the legality for investment of the bonds of the New York Central & Hudson River Railroad in spite of the termination of the corporate life of that company, and the formation of the present corporation.

The General Law of 1875 was unquestionably a desirable innovation in the delimitation of the powers of Savings Banks in the State of New York. It is furthermore noteworthy as being the most thorough and comprehensive enactment on the statute books of any State up to that time, and it is the foundation of all subsequent laws in the Em-

pire State governing Savings Bank organization and management. By its provisions, all these institutions were standardized to identical powers, rights and liabilities.

One notable amendment to this law was made in 1877, by which each Savings Bank was permitted to carry a surplus fund of 15 per centum of its deposits, instead of 10 per centum, the permissible surplus since 1839. In the event that the surplus of any Savings Bank should exceed 15 per cent. of its deposits, the law requires that at least once in three years, the excess over 15 per centum should be equitably disbursed to depositors, as an extra dividend, in addition to the regular dividends.

SALUTARY RESULTS OF EXAMINATIONS

In the matter of examinations, the constant supervision of the Banking Department, the yearly examination of assets and liabilities, and the semi-annual reports demanded by law have done incalculable good. Practices of a doubtful nature are quickly corrected, illegal investments withdrawn or sold. The blanks now in use have been perfected to such a degree that, with few exceptions, all items reported are susceptible of proof through former reports. In the early days, there was no uniform method of stating values of securities held; to-day, a uniform practice exists whereby all banks alike state the value of their investments. That the Savings Banks of New York are the admiration of the people of the United States is very largely due to the investment laws, which render these institutions and their investments safe beyond any contingency. Each depositor rests secure in the return of every dollar of his deposit.

Bond and mortgage loans always have been allowed as an investment; the charter of every Savings Bank provides for them. The security, taking into consideration all the restrictions commonly imposed as to proportionate value based upon appraisal, income, improvement, neighborhood, character, etc., is unquestioned. As a convertible or liquid security, however, they have no value.

This form of security has stood the test of time, for, though a slow asset, they are, by the same token, when conservatively made, of the highest order of excellence. Their earning power is greater than that of any other form of security permitted. It is safe to say that the present surplus of the combined 141 banks of the State of New York represents, almost exclusively, excess earnings from real estate loans. The rates on loans vary from 4 to 5½ per cent.; the average may be conservatively stated as 4½ per cent. With such a basis of earning power, covering 60 to 65 per cent. of the total deposits of the State, each bank is in a position to meet expense of management and pay a fair return to the depositors, besides setting aside to undivided profits a sum to meet the surplus requirements of the revised Banking Law of 1814.

The gradual decrease in the making of collateral loans is commendable. Such loans, though restricted to the pledge of securities legal for investment, are seldom of advantage as a liquid investment, and money thus invested would find a more profitable return by the purchase of securities or loans on bond and mortgage.

In a Savings institution the security of the principal is, beyond question, the first consideration. The enactment of a law prohibiting the deposit of funds in Banks of Discount operated under the National Bank Act, unless in some way they are made preferred creditors, as is now done with deposits made in State Banks and Trust Companies, might be a subject for general discussion. This protection would have to be by statutory preference, or through personal bond or guaranty of a board of directors.

It hardly would be edifying to review the history of the other sections of the Savings Bank act with the detail thought advisable in regard to those regulating investments; but in order to make the matter accessible to those interested in a technical way, there has been added to this chapter a table which gives in detail all Savings Bank legislation down to the present time.

This chapter ought not to be concluded without remark-

ing upon the changed attitude of the Legislature toward Savings Banks in general. Of late years, the lawmakers have exhibited much greater confidence in the officers of Savings Banks, and have seemed more and more disposed to meet their views in legislative matters. At least, the members of the Legislature show an increased willingness to listen patiently and with open mind to the arguments of those who represent the Savings Banks of the State, either in favor of or in opposition to proposed legislation, and constantly increasing intelligent appreciation of all that these beneficent institutions really stand for.

SCHEDULE OF STATUTES AFFECTING SAVINGS BANKS

General Savings Bank Statutes

Chapter	*Laws of*
213	1869
371	1875
409	1882
689	1892
10	1909
369	1914

Laws relating to Trustees

Chapter	*Laws of*
929	1895
415	1895
453	1896
153	1908
237	1912
94	1913
113	1913

Laws relating to Depositors

Chapter	*Laws of*
91	1850
347	1878
247	1907

Laws relating to Surplus

Chapter	*Laws of*
569	1886
406	1901

Laws relating to School Savings Banks

Chapter	*Laws of*
568	1904

Laws relating to Investments

Chapter	*Laws of*
478	1847
257	1853
492	1853
72	1854
136	1858
315	1863
113	1864
214	1865
845	1868
907	1869
660	1871
907	1871
134	1880
287	1880
524	1887
373	1888
525	1890
440	1893
178	1894
813	1895
454	1896
386	1897
236	1898
556	1898
386	1899
42	1900
440	1902
598	1902
328	1903
640	1903
401	1905
581	1906
100	1912
416	1913
515	1915

LAWS RELATING TO METHODS OF DOING BUSINESS

Chapter	*Laws of*
262	1835
347	1839
437	1849
256	1877
347	1878
48	1884
517	1887
414	1889
39	1895
124	1908
154	1908

LAWS RELATING TO REPORTS AND RELATIONS OF BANKS TO THE BANKING DEPARTMENT

Chapter	*Laws of*
136	1857
693	1871
252	1878
333	1898
253	1901
472	1901
297	1905
394	1905
416	1905
118	1905
481	1906
408	1907
123	1908
155	1908
126	1910
707	1911
708	1911
104	1912
482	1913

LAWS RELATING TO TAXATION, ADVERTISING AND MISCELLANEOUS RESTRICTIONS

Chapter	*Laws of*
132	1858
761	1866
32	1867
861	1867
373	1881
477	1885
397	1892
929	1895
452	1896
908	1896
410	1898
148	1902
248	1905
456	1905
564	1905
572	1905
133	1908
157	1908
169	1908
240	1909
402	1909
497	1909
126	1910
398	1910
634	1910
585	1911
101	1912
208	1912
211	1912
342	1912
102	1913
334	1913
357	1913
670	1913
794	1913

LAWS RELATING TO DELINQUENT CORPORATIONS, DISSOLUTION OF CORPORATIONS, ETC.

Chapter	*Laws of*
336	1855
372	1878
178	1880
439	1883
504	1884
930	1895
693	1904
143	1908
126	1910
452	1910

CHAPTER XVI

MORTGAGE AS A SAVINGS BANK INVESTMENT

The Difficulties of Proper Appraisal—Good Bonds Not Easy to Obtain—How Some Borrowers "Milk" the Property—Brokers and the Manner in Which They Operate—"Filtered Mortgages"—Title Examination Exceedingly Important—Title Companies Bear Losses When They Come—Forged Mortgages Not Uncommon—Steady Demand for Guaranteed Mortgages.

MORTGAGES form a substantial proportion of the investment of almost every Savings Bank in New York State. There is perhaps no investment that is so secure or pays so well as a good mortgage. On the other hand, there is hardly any investment much worse than a bad mortgage.

It is important that those who are in charge of the financial interests of a Savings Bank should give to the question of real estate mortgages most careful consideration. A Savings Bank is peculiarly subject to opportunities to make bad mortgages. The officers and trustees are apt to be beset by friends who want to place their mortgages with the bank and it is possible to produce appraisals of certain classes of real estate men that would seem to justify the making of almost any loan. It is easy to make loans for friends but difficult sometimes to collect them.

A mortgage never ought to be made by a Savings Bank without the most careful scrutiny, and extra care should be exercised if the application comes through some one closely connected with the institution. Such mortgages may not show their real character at once. They may run on for years, interest and taxes being paid but the equity growing less every year, and when the final loss does come it may be a very bad one.

Savings Banks are allowed to loan 40 per cent. of the

value of unimproved property and 60 per cent. of the value of improved property but at present loans on unimproved property are not at all popular. Few lenders will make such loans, and Savings Banks should be extremely wary of them. Vacant property is useful only to a builder who is ready to improve it, or to a capitalist who will pay taxes and interest and look to the far future for his return. The average investor wants as security for his loan property that will pay interest and carrying charges if he ever has to take it in at a foreclosure sale. The Savings Bank is in the same position, for if it must buy property it should be property for which there is a ready sale. It is no part of the business of a Savings Bank to speculate on future profits in real estate.

DIFFICULTIES OF PROPER APPRAISAL

The determination of the value of the property is left to a committee of the bank's trustees, who, in turn, must be guided by the judgment of real estate appraisers. Appraising is not an exact science. There are in the City of New York alone, some four or five thousand men who seem to feel qualified to act as real estate appraisers. Many of these would be willing to appraise property in any portion of the City of New York, from the Battery to Yonkers line, and a great many of them would be willing to extend their appraisals from the East River to Montauk Point. They seem to think that because they have conducted a real estate office for a few years, have secured a few mortgages and made a few sales, they are gifted with an inspired knowledge of the value of real estate in any portion of Greater New York.

As a matter of fact, it is very difficult for any one appraiser to be familiar with more than a limited amount of territory. The ability to appraise property requires a number of things:

First.—A very retentive memory for values.

Second.—Some opportunity to acquire inside knowledge of the prices at which property has been sold. As a rule,

this means being actively engaged in the sale of property or being personally acquainted with people who have bought and sold it. Very few men are apt to have this opportunity except within a limited district, for owners do not talk truthfully about prices paid except to very close friends.

Third.—As a rule, the proper appraisal of property requires a plant showing all transfers and private information in regard to sales. This plant must be posted up to date, with all available information, and if it covers more than a limited district, it is an expensive luxury for any appraiser to possess.

Fourth.—An appraiser must have a knowledge of the general conditions in a neighborhood, knowing whether the movement of values is upward or downward. He must know the trend of business and residence and whether a certain piece of property has a future. As a rule, he also must know something as to whether or not it has a past. Certain houses in New York City have been erected by builders with so poor a reputation that the mere name of the builder is enough to defeat a sale of the property. A well-informed real estate man knows that the repair bill in such case, will be a very serious matter.

Fifth.—An appraiser, above all things, must be honest not only with the parties for whom he is working but with himself. If an appraiser owns property in the neighborhood or is interested in the sale of properties nearby, he is very apt to look at property with a more roseate view than would be the case with a man whose judgment is entirely unbiased. Thus, we are met with the dilemma that the man who knows most about the property is the man who has bought and sold property in the neighborhood and yet, on the other hand, he is likely to be the man who has interests in that neighborhood and to be most prejudiced in its favor.

The solution of the problem is to know the real character of the man who is appraising for you and to know whether he has your own interest at heart. One must know that his appraisal is given not to help some friend who owns the

property or to help himself, because he owns adjoining property or property across the street.

Of course, it is hardly possible for a Savings Bank to have enough appraisers in its own employ to have one for every district in the city. However, if a Savings Bank has one honest appraiser in its own employ, a man who is above temptation and above reproach, and this man is responsible for all appraisals for loans by the bank, he probably can keep the bank out of trouble by making use of other appraisers in districts with which he is not himself familiar. Sometimes this information can be secured without expense from other appraisers who are personal friends; many appraisers trade back and forth in this way. Sometimes it can be secured only by paying for it, and in such cases, the bank's own appraiser should be allowed to order an appraisal from the man who can do it the best. A few dollars spent on appraisals from the right source often will save thousands of dollars in foreclosure losses.

In cities of 50,000 inhabitants or less, it may be possible to depend on the knowledge of one man for valuations for the whole surrounding district, and in such communities the moral risk also is easier to ascertain. In a great city like New York, where people are strangers and where loans are made to borrowers entirely unknown to the bank, the chief dependence must be the value of the property itself.

GOOD BONDS NOT EASY TO OBTAIN

Of course, it is well to get a good bond, if possible, but it is hard to find out what bonds are good and what bonds are not. In the smaller communities people's personal affairs are better known, and a Savings Bank in the locality can tell whether the borrower has the reputation of paying his debts. It also is possible to know more about his personal resources and to know whether or not he will feel a moral obligation to pay off the mortgage, even if the property should so depreciate in value that it would not sell for enough at a foreclosure sale to meet the indebtedness.

It is well to regard with suspicion loans where the owner

himself refuses to go on the bond, although, very often, this indicates only careful forethought on the part of the borrower. That is, he may be a man who is in the habit of paying his debts and who does not want to assume any responsibility he can avoid. Such a man will pay $25 to some one without resources to induce him to sign the bond. The real owner thus is free and the bank has no personal security. If the value of the property thoroughly justifies the loan, perhaps no harm will result, but in accepting such a bond,—which is known as a dummy bond,—the lender has given up one chance of collecting his money, viz., the personal responsibility of the owner.

HOW SOME BORROWERS "MILK" THE PROPERTY

There is considerable psychology in the matter of bonds. The best lender is the one who can look into the future and see what the borrower will do when trouble comes. There are individuals who borrow all they can on a piece of real estate with the distinct intention of spending nothing for repairs, collecting every possible cent of income from the property, and then letting it go, after running up as large a bill as possible for interests and taxes. This is what is known as milking the property.

On the other hand, there are individuals who will hold on to a piece of property long after every one else knows they have a very bad bargain. Of course, these people are largely owners who are living in their own houses. The mortgage on a man's home has an interest for him beyond any mere business venture. He thinks of what his friends and neighbors will say if the family has to move out because the mortgage has been foreclosed. Home owners often submit to desperate economies and sometimes succeed in paying off a mortgage and saving the home where there seemed to be little hope of success. This is the kind of man behind a mortgage that saves lenders from losses.

In New York City, the title guarantee companies make a large proportion of the loans that are made and their method of handling their mortgages may well be followed as far as

possible by a Savings Bank that is doing enough business to justify the expense involved. The method of procedure is much the same in all of the companies. Applications are received by one or more application clerks who become personally familiar with the brokers who are in the habit of presenting such applications. These application clerks also receive applications direct from the owners. As the fees charged are the same to owners or brokers, the broker must make his commission from the borrower and in some way justify his employment.

BROKERS AND HOW THEY OPERATE

When the borrower wishes a very liberal loan, the best broker is one who is supposed to know the lenders who will lend liberally. By trying a loan in one place after another, he very often succeeds in getting more on the property than the owner could get himself, as the owner would not know where to go. How much this business is in the hands of brokers may be judged from the fact that in one of the largest lending institutions in New York City, nine-tenths of the applications received are from brokers. How many applications are good may be judged also from the fact that this same institution probably accepts not more than one out of every twenty of the applications that are presented to it. This shows how much care must be used in selecting mortgages. This is particularly true in times when money is plentiful. These times are apt to come when real estate is not very active and applications are scarce. The temptation to accept loans is stronger at such periods, but the greatest care must be taken then because, as a rule, in periods of real estate stagnation it is only the poor loans that are offered. The actual holders of them become worried and insist that the owners find new borrowers, or the owners, in hard straits, try to increase the loans beyond the proper amounts.

This idea was well expressed by a New York company which issued an advertisement under the heading, "Filtered Mortgages." The advertisement ran:

It is dangerous to drink when the well is low unless the water is carefully filtered. It is dangerous to invest your money in mortgages when the demand for them exceeds the supply, unless you get them from people capable of making a proper selection. Just now it is difficult to get good mortgages and many poor loans are finding takers.

In a large lending institution, the application clerks soon get to know many of the "chestnuts," as the impossible loans are called. These are presented by one broker after another and the application clerks save time for themselves and the brokers by saying at once that the application has been presented and declined at an earlier date. An application clerk also must have sufficient knowledge of values to make suggestions to applicants and so secure loans on slightly better terms than those at which they were first offered. Most companies, however, make it a rule that the clerk must receive any application that the borrower insists upon leaving, because opinions as to values differ very materially and any company that depends on one man to accept or decline its loans is apt to take some poor ones and lose some good ones.

Applications received by the application clerk are referred to the appraisers, each application going to the appraiser most familiar with the district in which the property is located. The appraiser makes his report to an afternoon committee which, in one large institution, meets every day. This committee is composed of all of the appraisers and of the men in the company most familiar with mortgage matters. Such loans as are clearly undesirable are declined at once; those that are unquestionably good are accepted after discussion by the committee to make sure that the majority agree on the merits of the loan. Those loans that are doubtful are postponed for future consideration.

On one day of each week, a meeting of the regular mortgage committee is held. This is composed of certain trustees of the company familiar with real estate matters. They confirm the action of the sub-committee so far as acceptances are concerned, and pass on the loans as to which the sub-committee has been in doubt.

TITLE EXAMINATION EXCEEDINGLY IMPORTANT

The examination of the title to the property is a very important matter. Most Savings Banks have attorneys who are thoroughly familiar with real estate matters, and the examination of the title is usually left to them. During the past thirty years, however, the title companies have been assuming more and more responsibility for title examination, and the attorneys have been devoting themselves to other lines of law work. Some Savings Banks have taken the position definitely, that they must have title insurance policies in connection with every loan made. The state laws require that a Savings Bank must have either an abstract of title prepared by some one representing it, or a title policy. Both are not necessary. There are undoubtedly troubles in connection with real estate titles that no lawyer or title company can discover. These are the claims that arise when a mortgage has been executed by a man claiming to be single, and after his death some one appears claiming to have been secretly married to him. Such a widow, if she proves her claim, is entitled to a certain interest in the property and the possibility of loss to the bank is a very real one.

TITLE COMPANIES BEAR THE LOSSES

There are other troubles in connection with the misinterpretation of wills or the improper conduct of exceedingly technical suits for the foreclosure or partition of real estate. The best of lawyers will differ as to certain steps in such suits, and the courts may differ with the lawyers. The title companies frankly admit these troubles and their inability to circumvent them. They must pay when losses come. To a large corporation that makes provision by a proper guarantee fund to take care of these losses, they amount to very little in the long run, but in individual cases they are apt to be heavy. The principle of insurance is well established in this country, and it is only reasonable that Savings Banks should take advantage of it.

The title companies are willing, and in fact prefer, to deal with an institution through its regular attorneys, and provisions are made by the title companies for the compensation of the attorneys so that the bank can, if it insists, secure a policy of title insurance with each transaction without any expense whatever to the bank itself, and at the same time the matter is taken care of in a way that makes it reasonably profitable to the bank's attorneys. A very large number of attorneys representing Savings Banks do this of their own volition, as they prefer to have the protection of the policy for the bank, in addition to the care and personal attention that the attorney can give. Of course, in smaller communities, where the title companies have not yet come, the bank must depend on the best legal services it can secure.

FORGED MORTGAGES NOT UNCOMMON

Great care must be taken in populous communities to prevent forged mortgages. There have been a good many cases in the last fifty years where people have falsely represented themselves as the owners of property and actually secured mortgages from unsuspecting lenders. The real owner knows nothing of the transaction until he receives his interest notice and begins to investigate. Then the lender finds that he has no mortgage on the property at all, and that his money has been turned over to some one who has given in exchange for it a mortgage executed by one who is not the owner and who has forged the owner's name. A good attorney will be on the lookout for anything of this kind, and will insist on identifications and other evidences that will stamp the transaction as genuine. The risk is avoided if a policy is secured from a title company.

The care of the mortgages after they are made and the collection of interest are important items. An interest notice should be sent out sufficiently in advance of the time to insure the owner being prepared to pay the interest on the day it is due. If the interest is not paid, it should be followed very shortly by another notice, and if response of

some sort is not immediate the matter should be turned over to the bank's attorneys for action.

Of course, there are cases where a borrower will be a little slow in his interest, but where its payment is reasonably sure. Some one in the bank with discretion should have all of these cases presented to him; action should be taken in regard to each one of them, and a careful diary record kept. Fire insurance expirations should be looked after with absolute accuracy so that such insurance should never under any conditions be permitted to lapse.

PAYMENT OF TAXES AND ASSESSMENTS

The payment of taxes, water rates and assessments should be placed in the care of some responsible individual. The safest thing to do is to have independent tax searches made by one of the title companies and brought down to date at least once every year. The attention of the owner should be called to taxes that have remained unpaid a few months beyond the date they are due, and payment should be insisted upon.

There are times when it pays to be lenient with both taxes and interest, but this must be done with good judgment, for it is wonderful how such taxes and interest can add to the mortgage indebtedness when the foreclosure suit is completed. It is not entirely safe to depend upon the production of tax receipts in communities where the tax matter is a complicated one, as it is in New York City. Mistakes on the part of public officials occur frequently, and a man may be paying taxes on his neighbor's house without any knowledge of the fact. The title company search each year is a very valuable check against errors of this kind.

The renewal of mortgages when due should not be made in a routine way. The property should be re-inspected by the bank's appraiser and a revaluation obtained from him. This should be done with the same care as was used when the loan was originally made. If the mortgage is a good one and the bank wants to be sure of it for a certain period for the future, a definite extension should be arranged with

the borrower. If, on the other hand, the neighborhood is changing, it is to the advantage of the bank that the mortgage should run along overdue. This gives the bank the privilege of calling it at any time. If the value has become less, payments in reduction of the loan should be insisted upon. If the borrower cannot at once pay down the full amount required, it often is possible to arrange to get payments of certain definite sums on each interest day. This results in bringing the mortgage down to a point where it is safe, and involves no great hardship to the owner. Often it is wiser when depreciations have brought about changes that imperil the safety of the bank's investment, to take payments and so get back to safety gradually, rather than by foreclosure to load the bank with a piece of property that may be unsalable and whose future can be worked out far better by the owner than by the bank itself.

Everlasting discretion, aided by the best of professional real estate knowledge as to values, is the only rule the bank can follow to get safely through the difficult situations that are bound to occur in connection with real estate mortgages. As a whole, they are the very best class of investments for the bank because the period of a mortgage loan is comparatively short, and if a loan is watched with care there is always the opportunity to get out safely and reinvest the money in other directions. They are not like the bonds whose maturity is fifty years away and whose decreasing value in a falling market makes the bank statements unpleasant to look at. The opportunity to get out and reinvest comes within a reasonable period.

GUARANTEED MORTGAGES IN DEMAND

For private investment, the guaranteed mortgage gradually has been replacing the mortgage where the investor depends upon his own judgment. It pays one-half of one per cent. less than the actual interest paid by the borrower, this one-half of one per cent. being retained by the company guaranteeing the payment of principal and interest as its compensation for the work and the risk. A guaranteed

mortgage requires no care whatever on the part of the bank. Provided the bank is dealing with a guarantee company that is beyond all question solvent and prudent, it can buy its mortgages over the counter with no more risk than if they were government bonds.

One of the largest guarantee companies in New York advertises freely that it has returned to investors since organization more than $500,000,000, and that in its entire history no investor ever lost a dollar. The safety of the investor in the past is equally true of three other companies in the same line of business, although when the far future is looked to, it seems wiser to deal with the larger companies.

The guarantee company picks out the investment and takes care of the collection of interest, sending its own check on the day the interest is due, whether or not it has succeeded in collecting it from the borrower. It also looks after payment of taxes and fire insurance and any questions of depreciation of the mortgaged property, so that the bank has no care of any kind. The whole question is whether or not the bank wants to give up the one-half of one per cent. or do the work and take the risk that the guarantee company assumes. Offset against the one-half of one per cent. is, of course, considerable saving of clerk hire that must be paid by the bank and which cannot be charged to the borrower. The question is an open one among the Savings Bank fraternity, each plan having its advocates.

PAYMENTS FOR REAL ESTATE ACQUIRED BY FORECLOSURE

According to the report of the Superintendent of Banks for the year 1915, the bond and mortgage investments of the Savings Banks of the State of New York aggregated $1,043,325,012.46. Payments by seventy-seven banks for real estate acquired by foreclosure totaled $6,773,846.42, divided by counties as follows:

Albany, $579,748.00; Bronx, $129,199.98; Cayuga, $2,385.06; Columbia, $6,100.05; Dutchess, $135,241.11; Erie, $27,095.94; Jefferson, $28,212.12; Kings, $874,-

537.31; Monroe, $19,246.73; New York, $4,312,752.70; Niagara, $40,484.61; Oneida, $2,518.15; Onondaga, $30,-874.72; Orange, $4,403.85; Oswego, $9,713.11; Putnam, $4,314.65; Queens, $169,503.74; Richmond, $16,965.21; Suffolk, $103,778.50; Ulster, $3,340.00; Westchester, $273,430.53.

CHAPTER XVII

INVESTMENT IN RAILROAD BONDS

History and Principal Features of This Portion of the Savings Bank Law—The Revision of 1905 a Step in the Direction of Uniformity—Application of the Law to the Refunding of Mortgages—Brief History of the Working of the Statute in the Ten Years Since Its Enactment—Operation Becomes Automatic—Changed Conditions Require Great Care—Some Interesting Comparisons.

INVESTMENT in railroad bonds by the Savings Banks of the State dates from the enactment of the present subdivision (a) of the law in the year 1898.

This subdivision legalized certain bonds of railroad corporations of the State, and also bonds of corporations of any other State whose railroads are connected with and controlled and operated as part of the system of a railroad corporation of this State.

The principal requirement of this subdivision is that the corporation at no time within five years next preceding the date of any investment shall have failed to pay the principal and interest of all its mortgage bonds, and in dividends to its stockholders during each of said five years, an amount at least equal to 4 per cent. upon all its outstanding capital stock, and that the amount of stock upon which each dividend is paid shall have equaled at least one-third of its mortgage debt.

Subsequently, subdivisions (b), (c), and (d) were added to the law, which legalized various issues of bonds of the corporations specifically named in said subdivisions.

Subdivision (b) specifically named the following:

Chicago & Northwestern R. R., Chicago, Burlington & Quincy R. R., Michigan Central R. R., Illinois Central R. R., Pennsylvania R. R., Delaware & Hudson Company, Delaware, Lackawanna & Western R. R., New York, New

Haven & Hartford R. R., Boston & Maine R. R., Maine Central R. R., Chicago & Alton R. R., Morris & Essex R. R., Central R. R. of New Jersey, United New Jersey R. R. & Canal Co.

The principal requirements of this subdivision are that at the time of making the investment the corporation shall have earned and paid regular dividends of not less than 4 per cent. on all its issues of capital stock for the ten years next preceding such investment, and that its capital stock shall equal or exceed in amount one-third of its bonded indebtedness.

Subdivision (c) specifically names the following:

Chicago, Milwaukee & St. Paul Ry., Chicago, Rock Island & Pacific Ry.

The principal requirements of this subdivision are that bonds of these corporations will remain a legal investment so long as the corporation shall continue to earn and pay at least 4 per cent. dividends per annum on its outstanding capital stock, and that its capital stock shall equal or exceed in amount one-third of all its bonded indebtedness.

Subdivision (d) specifically names the following:

Fonda, Johnstown & Gloversville R. R., Buffalo Creek R. R.

This subdivision only requires that the Fonda, Johnstown & Gloversville Railroad Company's capital stock shall equal or exceed in amount one-third of its bonded indebtedness. This subdivision has no dividend payment requirement.

THE REVISION OF 1905

Prior to 1905, the above subdivisions were the only laws governing this class of investments, and, as shown, there was no uniformity, the laws being made by special legislation.

During the year 1905, the laws regulating the investments of Savings Banks were revised. That part relating to the investment in railroad bonds was revised by the addition of subdivisions (e), (f), (g), (h) and (i), and also

by adding to subdivisions (b), (c) and (d) the following: "Provided that the bonds authorized by this paragraph are secured by a mortgage dated, executed and recorded prior to January 1st, 1905."

This was for the purpose of requiring all subsequent issues of bonds of the corporations named in said subdivisions (b), (c) and (d) secured by mortgages dated after January 1, 1905, to comply with the requirements of one of the new subdivisions (e), (f), (g), (h) or (i).

The purpose for which the new subdivisions were added was the creation of a standard with which a corporation must comply and continue to comply in order to make its bonds a legal investment for the Savings Banks of the State.

This standard is embodied in subdivisions (e) and (f), and is as follows:

REQUIREMENTS OF THE CORPORATION

(a) Owns in fee 500 miles of standard gauge railway, or in case it owns less than 500 miles of standard gauge railway its gross earnings for five years shall not have been less than ten million dollars each year.

(b) Have paid each year the matured principal and interest of all its mortgage indebtedness for five years prior to making the investment.

(c) Paid in dividends each year for five years prior to making the investment to its stockholders an amount at least equal to 4 per cent. upon all of its outstanding capital stock.

(d) The gross earnings each year shall not have been less in amount than five times the amount necessary to pay the interest payable during that year upon its entire outstanding indebtedness and the rentals for said year of all leased lines.

This standard, as will be seen from the above, is principally based on the gross earnings of the corporation, as the law requires these to be at least five times the interest on all its indebtedness and rentals of leased lines. It may be of interest to know how this standard was arrived at.

It was found that prior to the year 1905, the principal railroads of the United States required about 70 per cent. of their gross earnings to pay their operating expenses and taxes, leaving 30 per cent. for the payment of interest and

rentals and dividends. This 30 per cent. was divided as follows: 20 per cent. for the payment of interest and rentals of leased lines and the balance, 10 per cent., for the payment of dividends, which the law requires to be at least equal to 4 per cent. on its outstanding capital stock. The above put in tabular form, would be as follows:

Gross Earnings	100 Per Cent.
Operating Expenses and Taxes	70 Per Cent.
Interest and Rentals	20 Per Cent.
Dividends and surplus	10 Per Cent.
	100 Per Cent. 100 Per Cent.

Five times the Interest and Rentals (20 per cent.) is the gross earnings required under the standard (100 per cent.).

Subdivision (e), in addition to establishing the above standard, also provides how the bonds of the corporations complying must be secured by mortgage in order to have them become a legal investment. This is that the bond must be secured by a mortgage which is at the time of making the investment, or was at the date of the mortgage,

(1) A first mortgage upon not less than 75 per cent. of the railway owned in fee by the company at the date of the mortgage;

(2) A refunding mortgage issued to retire all prior lien mortgage debts of the company and covering at least 75 per cent. of the railroad owned in fee at the date of the mortgage; also that the mileage covered is 25 per cent. greater than is covered by any one of the prior mortgages to be refunded; and also, that the bonds it secures mature at a later date than any bond which it is given to refund.

This subdivision also has the provision that no bonds so secured shall be a legal investment in case the mortgage securing the same shall authorize a total issue of bonds which together with all outstanding prior debts of said company (after deducting therefrom in case of a refunding mortgage, the bonds reserved to retire prior debts at maturity), shall exceed three times the outstanding capital stock of the said company at the time of making said investment.

This provision was made for the purpose of limiting the investment to the bonds of a corporation which are secured

by a mortgage which does not authorize an amount which, together with all prior debts, would be an amount in excess of three times its outstanding capital stock.

As for example, a corporation with a capital stock of ten million dollars and a funded debt consisting of the following:

$20,000,000 collateral trust bonds dated January 2, 1900, which are secured by the deposit of stock and bonds of subsidiary companies.

$20,000,000 first mortgage bonds dated January 2, 1902. These being secured on the entire property of the company owned in fee.

The first mortgage bonds described above would not be a legal investment (although the corporation complied with the standard), for the following reasons: As the first mortgage was dated subsequent to the collateral trust, the collateral trust bonds are "prior debts" which must be added to the authorized issue of the first mortgage, making an amount in excess of three times the $10,000,000 capital stock.

APPLICATION TO REFUNDING OF MORTGAGES

The application of this provision to a refunding mortgage is also of interest, especially as this subdivision uses two expressions in defining debts, namely, "prior lien mortgage debts" and "prior debts."

"Prior lien mortgage debt" of a necessity must be a "prior debt" to a refunding mortgage, but all "prior debts" may not necessarily be "prior lien mortgage debts"; as, for example, take a corporation with a capital stock of $10,000,000, and a funded debt consisting of the following:

$1,000,000 first mortgage bonds dated January 2, 1900, secured on 100 miles owned in fee.

$9,000,000 first mortgage bonds dated January 2, 1910, secured on 400 miles of road owned in fee.

$20,000,000 collateral trust bonds dated January 2, 1911, being secured by a deposit of stock and bonds of its subsidiary companies.

In the year 1914, the corporation desired to raise $10,000,000 more in addition to its present first mortgage bonds

on its 500 miles of road owned in fee, and at the same time provide for the refunding of its first mortgage bonds which would require $10,000,000, making the total authorized issue $20,000,000.

Such a refunding mortgage would not comply with this provision for the reason that at the date of the execution of the refunding mortgage the company had outstanding, as shown above, $30,000,000 "prior debts," consisting of $10,000,000 first mortgage bonds, and $20,000,000 collateral trust bonds, which must be added to the $20,000,000 authorized under the refunding mortgage, making a total of $50,000,000. After deducting the $10,000,000 bonds reserved to retire the first mortgage bonds, the result is an authorized debt of $40,000,000, an amount in excess of three times its capital stock.

SUBDIVISION (G):

This subdivision legalizes underlying bonds of a corporation that has complied with the standard that are "prior lien mortgage bonds" to a refunding mortgage of such a corporation, provided that said refunding mortgage bonds are a legal investment.

SUBDIVISION (H):

This subdivision makes legal first mortgage bonds and refunding mortgage bonds, and underlying bonds to such refunding mortgage, described in subdivisions (e) and (g), of a railroad corporation which has complied with the standard, except that it does not own in fee 500 miles of railroad, provided that the bonds are guaranteed, principal and interest, by endorsement or assumed by a corporation which owns in fee 500 miles of railroad and has complied with the standard and whose first mortgage bonds or refunding mortgage bonds are a legal investment.

SUBDIVISION (I):

This subdivision legalizes the first mortgage bonds, authorized not to exceed $20,000 per mile of road, of a rail-

road corporation not necessarily complying with the standard, but whose capital stock is owned by, and its railroad operated by, a railroad corporation which has complied with the standard, and whose last issued refunding mortgage is a legal investment, provided they are guaranteed, principal and interest, by endorsement by said corporation complying with the standard.

Both subdivisions (h) and (i) contained a provision that no bonds so guaranteed or assumed shall be a legal investment in case the mortgage securing the same shall authorize a total issue of bonds which together with all the outstanding "prior debts" of the corporation making said guarantee or so assuming said bonds, including therein the authorized amount of all previously guaranteed or assumed bonds, shall exceed three times the capital stock of said corporation at the time of making said investment.

WORKING OF THE REVISED LAW

The law as revised in 1905 has now been in operation ten years, and a brief history of its working may be of interest. As shown above, subdivision (a) of the law remains operative. This relates to New York State corporations. In 1905, the following corporations complied with this subdivision:

New York Central & Hudson River R. R. System (now the New York Central Railroad), Buffalo, Rochester & Pittsburgh Ry., Genesee & Wyoming R. R., Manhattan Elevated R. R., Cairo R. R.

All of these corporations have continued to comply with this subdivision with the exception of the Cairo Railroad Company.

Subdivisions (b), (c) and (d) were closed except as to the bonds of the corporations specifically named secured by mortgages dated prior to January 1, 1905. Therefore, the present law practically consists of subdivisions (a), (e), (f), (g), (h) and (i).

Subdivision (e), and those following, treat of railroad corporations outside the State; therefore, all railroads out-

side of the State, not part of the system of a corporation of this State, must conform to the standard in order to make their bonds a legal investment.

In 1905, the date of the creation of this standard, the following railroad corporations had complied each year for the previous five years, viz.:

Pennsylvania R. R., Lake Shore & Michigan Southern Ry., Chicago & Northwestern Ry., Chicago, Rock Island & Pacific Ry., Chicago, St. Paul, Minneapolis & Omaha Ry., Chicago, Burlington & Quincy R. R., Chicago, Milwaukee & St. Paul Ry., Illinois Central R. R., Delaware, Lackawanna & Western R. R., Delaware & Hudson Company, Michigan Central R. R., New York, New Haven & Hartford R. R., Pittsburgh, Fort Wayne & Chicago Ry., United New Jersey Railroad & Canal Co.

Of the above fourteen corporations, all have continued to comply with the standard with the exception of the Chicago, Rock Island & Pacific Ry. Co., and the New York, New Haven & Hartford R. R. Co.

During the past ten years, the following additional corporations have complied with the standard for a period of at least five years:

Atchison, Topeka & Santa Fe Ry., Atlantic Coast Line R. R., Boston & Maine R. R., Baltimore & Ohio R. R., Central Pacific Ry., Cleveland, Cincinnati, Chicago & St. Louis Ry., Chicago & Eastern Illinois R. R., Great Northern Ry., Lehigh Valley R. R., Louisville & Nashville R. R., Minneapolis, St. Paul & Sault Ste. Marie Ry., Missouri Pacific Ry., Mobile & Ohio R. R., Norfolk & Western Ry., Northern Pacific Ry., Philadelphia, Baltimore & Washington R. R., Pittsburgh, Cincinnati, Chicago & St. Louis Ry., Southern Pacific R. R., Union Pacific R. R., Vandalia R. R.

Of the above twenty corporations, all, with the exception of the following, continued to comply with the standard:

Boston & Maine R. R., Central Pacific Ry., Cleveland, Cincinnati, Chicago & St. Louis Ry., Chicago & Eastern Illinois R. R., Missouri Pacific Ry., Pittsburgh, Cincinnati, Chicago & St. Louis Ry., Vandalia R. R.

AUTOMATIC OPERATION OF THE LAW

From the above, it will be seen that during this period of ten years, thirty-four railroad corporations have complied with this standard, nine of which have failed to continue to comply.

In the year 1905, the bonds of the various railroads then complying with the law, that were a legal investment amounted to $1,163,401,859. During this period of ten years, without any further legislation, by the automatic operation of the law, the bonds of the various railroad corporations that at present comply with the standard and are a legal investment for the Savings Banks, increased to a total of $3,011,415,917. In other words, the amount of railroad bonds that the Savings Banks may invest in, has increased in the past ten years, 159 per cent.

In 1905, the resources of the Savings Banks of the State of New York were $1,311,993,505. During this period of ten years they have increased to $1,912,204,573, being the resources as of January 1, 1915, an increase of 45 per cent.; that is, the resources of the Savings Banks have increased only 45 per cent., whereas the railroad bonds legal for investments have increased 159 per cent.

A fact of interest in connection with this increase of bonds legal for investment is that during this period the States of Massachusetts, Connecticut and Vermont revised their Savings Bank laws regarding investment in railroad bonds, and adopted the New York standard, so that now the Savings Banks of these States are competitors with New York for this class of investment.

The combined resources of the Savings Banks of the States of New York, Massachusetts and Connecticut, in 1915, were $3,217,668,434. As stated above, the railroad bonds that were legal investments in 1915 in the State of New York amounted to $3,011,415,917, almost all of which are also legal in the other States.

CHANGED CONDITIONS REQUIRE EXTRA CARE

During the ten years that this standard has been in operation, the management of our railroad corporations by the enactment of national and state laws, has very largely been taken out of the hands of their respective boards of directors and delegated to those constituting the Interstate Commerce Commission, and the various state commissions.

Another change is that formerly these corporations were regarded as private enterprises, whereas now they are considered public utilities; or in other words public machines, created for the purpose of performing a public necessity. But no provision has been made to supply capital required for the maintenance of these machines, or the creation of additional ones, except through private investment.

Under these changed conditions, it is most important that the standard adopted be a safe and just one. As stated above, this standard which is embodied in the Savings Bank laws, was arrived at by taking the records of the principal railroad corporations for the five years prior to 1905 for the purpose of ascertaining what percentage of their gross earnings was required for their operating expenses and taxes, and what was left for the capital investment. It was found that 70 per cent. was a fair margin for operating expenses and taxes, leaving 30 per cent. for the capital invested. The corporations taken for this purpose were the following:

Pennsylvania R. R., Lake Shore & Michigan Southern Ry., Chicago & Northwestern Ry., Chicago, Rock Island & Pacific Ry., Chicago, St. Paul, Minneapolis & Omaha Ry., Chicago, Burlington & Quincy R. R., Chicago, Milwaukee & St. Paul Ry., Illinois Central R. R.

The combined gross earnings of these companies for the year 1905 were $449,611,394, and their operating expenses and taxes, $311,231,924, or 69.2 per cent. of the gross earnings, leaving $138,379,470 for the capital invested, or 30.8 per cent. of the gross earnings.

For the year 1915, the combined gross earnings of these same companies were $646,538,826, and their operating ex-

penses and taxes, $499,123,772, or 77.2 per cent. of the gross earnings, leaving $147,415,054 for the capital invested, or 22.8 per cent. of the gross earnings.

From the above it will be seen that although the percentage of gross during this period, left for the capital invested, decreased from 30.8 per cent. to 22.8 per cent., the actual amount of money increased, due to the fact that the gross earnings during that period increased very largely; therefore, it is necessary to take into account the miles of road that performed the service each year, and also the services performed for the public.

SOME INTERESTING COMPARISONS

In 1905, the combined miles of road operated was 41,445 miles, and the services performed for the public, measured by the number of tons of freight and passengers carried one mile, were 50,084,557,354, showing that on the average, each mile of road operated performed 1,208,458 units of service. For each unit of service performed, the average amount received was .00897. The operating expenses and taxes for each unit of service were .00621, leaving for the capital invested, .00276 per mile of service.

In 1915, the miles of road operated by these same corporations were 48,743, and the units of service performed for the public were 72,424,236,778 for each mile of road performing 1,485,879 units of service. The average amount received for each unit of service performed was .00894, and the cost of operating expenses and taxes was .00689, leaving for the capital invested, .00205 per mile of service.

It will be seen that during this period, on the average, each mile of road operated by these corporations, increased its services performed for the public from 1,208,458 units of service in 1905, to 1,485,879 in 1915, an increase of 277,421 units, or 23 per cent., and that in 1905 they received from the public for each unit of service .00897, whereas in 1915 they received only .00894, and that the cost of performing this service per unit of service was in 1905, .00621,

whereas in 1915 it was .00689, an increase of .00068, or 11 per cent., leaving for the capital invested from each unit of service performed, .00276 in 1905, and .00205 in 1915, a decrease of .00071, or 26 per cent.

The 30.8 per cent. of the combined gross earnings of these companies available for capital invested, was $138,379,470 in 1905. If we divide this by the 41,445 miles of road operated, we have $3,338, the average per mile of road operated. This capitalized at 4 per cent. shows a value of $83,450 for each mile. In 1915 the combined gross earnings available for capital invested was $147,415,054, and the miles operated that year were 48,743, which make only $3,024 earned by each mile of road operated; and capitalized at 4 per cent., the value for this year is only $75,600, a decrease of $7,850.

The standard requires that the gross earnings of the corporation shall be five times its interest and rentals. In 1905 the combined payments made by these corporations for interest and rentals of leased lines, were $62,593,396; five times this is $312,966,980. The actual gross earnings were $449,611,394, or $136,644,414 in excess of the amount required. In 1915 the interest and rentals paid were $86,001,288, five times which is $430,006,440, and the actual earnings were $646,538,826, or $216,532,386 in excess of the amount required, showing that during this period their gross earnings have increased at a proper ratio to their interest and rental payments required under the law. In 1905 the combined payments of these corporations in dividends were $55,894,637 on capital stock of $846,880,073, an average rate of 6.60 per cent. In 1915 the dividend payments were $77,222,350 on capital stock of $1,266,904,488, an average rate of 6.09 per cent.

Of the nine corporations which during the past ten years complied with the standard and subsequently failed to comply, all but three complied each year for the past ten years with the requirements that their gross earnings shall be at least five times their interest and rentals, but they failed to pay the required amount in dividends, due to the fact

that the percentage of their gross earnings available for capital had fallen below 30 per cent.

From this record, it is clear that if the Savings Bank standard is to be maintained either the public will have to pay more for the services performed, or those operating the machinery that performs the services must receive less.

If our railroads are to continue to be considered public utilities, and not private enterprises, and the capital required for their continuance and enlargement is to be supplied by private investors, is not the division adopted under this standard fair and just? If so, is it not the duty of those having the power by recent laws to maintain this standard to take into consideration this interest, as well as the interest of those who use the services performed?

CHAPTER XVIII

LIQUIDITY OF INVESTMENTS

How Can Savings Banks Meet Extraordinary Demands Without the Necessity of Notice of Withdrawal or the Sacrifice of Values?—One of the Few Remaining Big Problems—Consensus of Banking Men as to Convertible Assets—County Bonds and Their Availability—Demand for Municipals—Financial Panics and Their Lessons.

THERE can be no doubt that one of the most serious questions in reference to Savings Bank management at the present time is that of liquidity of investments. In what way can provision be made so that in times of emergency such portion of their securities as may be necessary can be quickly converted into cash and all demands of depositors met?

This is one of the leading Savings Bank problems remaining unsolved. It is commanding the best thought of some of the foremost bankers of the country, as well as the Banking Departments of the several States.

Permanency of investment, together with the necessary liquidity to meet all situations as they may arise, is the ideal. This ideal has been admirably set forth by Andrew Mills, of the Dry Dock Savings Bank, New York City:

First: Security, as absolute as human judgment can determine.
Second: The first being assured, then the security yielding the largest income.
Third: Availability, so that in case of necessity the security can be disposed of without needless sacrifice.

SAVINGS BANK INVESTMENTS IN NEW YORK

By the terms of the law of New York, Savings Banks are restricted to the following investments:

1. The stocks or bonds or interest-bearing notes or obligations of the United States.
2. Bonds or stocks of the State of New York.
3. Bonds or stocks of States of the Union as to which default has not occurred for a certain time (ninety days).
4. Stocks or bonds of cities, counties, towns, villages, school districts or poor districts of the State of New York.
5. The stocks or bonds of certain incorporated cities of the United States which have not defaulted in the payment of any part of the principal or interest.
6. Bonds and mortgages on unincumbered real estate situated in this State, to the extent of 60 per cent. of the appraised value thereof. (Not more than 65 per cent. of the whole amount of deposits and guaranty fund shall be so loaned or invested.)
7. The bonds of certain railroad corporations, as fully explained in another chapter. (Not more than 25 per cent. of the assets of any Savings Bank shall be loaned or invested in railroad bonds.)
8. Promissory notes payable to the order of the Savings Bank, secured by the pledge of stocks or bonds as enumerated above, or by the railroad bonds described in the subdivision (7) relating thereto.
9. Real estate used for banking purposes from portions of which not required for its own use a revenue may be derived; such real estate as shall be conveyed to it in satisfaction of debts previously contracted in the course of its business; such as it shall purchase at sales under judgments, decrees or mortgages held by it.

It will be readily conceded that none of this class of investments is sufficiently liquid to enable the banks to pay extraordinary demands at sight. Bank managers generally look upon the ninety-day clause very much as they do the clearing house certificate—an unfortunate necessity, under the present condition of the law.

As a means of relief from this undesirable condition, it has been proposed that Savings Banks be permitted to invest a certain proportion of their deposits in short-time obligations which can be readily converted into cash in the open market, or if a proper amendment to the Federal Reserve law is made, no time within which to convert securities will be necessary. It is the opinion of many modern, progressive bankers that certain short-time loans would admirably meet Mr. Mills' three principles; that while looking always to the safety of the funds in their charge, banks should

carry at all times as a secondary reserve, a goodly percentage of short-time and readily convertible assets.

In the opinion of the Federal Reserve Board:

> The acceptance is the standard form of paper in the world's discount market, and both on this account, and because of its acknowledged liquidity, universally commands a preferential rate. By reason of its being readily marketable, it is widely regarded as a most desirable paper in the secondary reserves of the banks and will help to provide an acceptable substitute for the call loan.
>
> Such acceptances are available as collateral against the issue of Federal Reserve notes, and the bank will sanction a slight preferential in favor of acceptances bearing the endorsement of member banks.

A recent law of Connecticut gives Mutual Savings Banks the right to invest 3 per cent. of their deposits and surplus in such acceptances, thus recognizing the safety and liquidity of this class of securities.

CONSENSUS AS TO CONVERTIBLE ASSETS

It has been truly said that it is the ability to pay depositors on demand that constitutes good banking and inspires general confidence. To use the language of George E. Edwards, president of the Dollar Savings Bank, New York: "Your funds may be invested in securities of the highest order, your loans made with the greatest care, but if whenever there is a depression depositors are required to give notice of withdrawal their confidence is shaken and they will eventually cease doing business with Savings Banks and deposit their moneys with institutions which will pay without notice." It is the understanding of the depositor that his money is payable on demand and the presentation of his pass book. If instead of this, he is compelled to wait for varying periods of from ten to ninety days, he naturally feels "peeved," and frequently resolves to go elsewhere.

Of course it is not true that the object of the notice of withdrawal is to discourage the depositor from withdrawing his money; it is necessary in order to enable the bank to convert its securities into cash.

George E. Edwards recently conducted an inquiry throughout the country as to whether it is good policy for Savings Banks to invest their funds in certain loans which could be readily turned into cash in the event of an emergency, and as to what portion of their securities should be of a liquid character. A composite of the opinions received is to the effect that under certain suitable restrictions it might be a desirable policy for Savings Banks to invest a certain proportion of their assets in a form more readily convertible than is now the case. The general feeling of financial men in the section about New York is that commercial paper should not be held by Savings Banks of a mutual character. In the Southern States, where there is but one mutual bank in 190 Savings Banks, in the Middle West and West, where the proportion is almost as great, and in California, where the proportion is as one to 179, liquidity of assets, with arguments in favor of investments in commercial paper, is strongly urged.

THE AVAILABILITY OF COUNTY BONDS

It is believed by many progressive bankers that the attitude of the Savings Banks Association of the State of New York toward the admission of bonds of representative counties outside of New York is not well taken, for while it is true that in the old days many counties issued railroad aid bonds and got into trouble, there were always good practical reasons behind such troubles, and which no longer exist. Perhaps properly selected county bonds are as good as if not better than the average run of municipal bonds of even the larger places.

An instance in point may be given. Jersey City, Hoboken and Bayonne are all eligible for the investment of funds of the New York Savings Banks, whereas, Hudson County, in which these three cities are located, is not eligible. This is despite the fact that under the New Jersey law, which is unique in that respect, the county has first call on tax revenues. It would seem, therefore, that if there is to be any preference, it should lie with the county

bond in that State. It might be arranged, through a percentage limitation, to allow banks within the State to buy municipal bonds of considerably smaller communities than the law now provides for, thus increasing the scope of the Savings Bank law and affording opportunity for a better income yield.

It is true that the Savings Bank demand is not now very much of a factor in fixing prices of municipal bonds; but it seems likely that the situation in this respect will change in the near future so that the Savings Bank demand will again play an important part. The scope of the Railroad Act in New York State has been much greater relatively than that applying to municipal securities, so that there is not so much room for advisable expansion there. It seems reasonable that the best grade of railway equipments might be advantageously admitted, and that the best grade of public utility corporations could be added. Several of the New England States have gone a considerable distance in this respect and with quite satisfactory results.

The question also has been asked why it should be good policy for a Savings Bank to continue an investment in certain bonds whether or not the money could be more profitably employed in other bonds or in other directions. Throughout the investment banking business there is a definite knowledge that through changing conditions certain bonds have a peculiar value outside of the Savings Bank field and often bring prices entirely out of line of their value from the Savings Bank standpoint.

THE POSITION OF MUNICIPALS

For years past very many banks refused to part with bonds which, because of some local exemption feature, had become valuable, due to changing conditions, and where the same funds, if released, could be reëmployed to much better advantage. For example, for a great many years Detroit bonds were about the only securities in the State of Michigan which carried an exemption from local tax, and as this tax was very heavy, it made an entirely artificial

value for such bonds. Some few banks did sell their bonds at extremely high prices and invested the proceeds in equally high-grade municipal bonds to yield a much better return. Other banks, however, continued to hold their bonds and in the course of time a very much broader exemption was afforded to Michigan municipals, with the result Detroit bonds no longer brought the extremely high prices which at one time they attained.

A good many banks also hold Ohio tax-free municipals year in and year out when they could have had, say one-half per cent. more income on equally good municipals of other States. It is true that this difference in a large measure still maintains, but in the meantime the bank has lost, say one-half of one per cent. per annum on the money. Also, it is entirely likely that agitation may be started at almost any time changing the tax conditions in Ohio, which would materially reduce the relative prices of Ohio tax-free municipals.

Municipals, especially those of the United States, are in a class by themselves, and the demand at present far exceeds the supply. It is noticeable that fewer municipalities are planning to offer bonds for sale, and the great profits made by American business men and the freedom from operation of the Income Tax Law, with its new amendment doubling the normal amount, has created a demand for municipal issues that apparently cannot be met.

In the matter of bond investments for Savings Banks, particularly as to municipal securities, there is a serious question whether too much attention has not been paid to the mere matter of the size of the community. It is a well known fact that for many years past selected and properly sponsored loans of comparatively small communities, while not intrinsically sound, have a high degree of marketability. It has been found that in panicky times, municipals of all grades could be disposed of to relatively better advantage than almost any other form of security, for while the very high grade railroads could be easily liquidated the market prices were very quick to drop, so that the conver-

sion of large amounts under such conditions was only possible at considerable recessions in price. It seems to follow that in the extension of the municipal investments of banks more attention should be paid to the character of the securities and less to the mere size of the municipalities.

In the matter of mortgage loans, the fact has been noted that many banks which cannot secure a sufficient quantity of desirable real estate loans at home are disposed to go to New York to complete their line. They seem to think it possible to get desirable loans to net a rate in excess of what home institutions find it necessary to take. It is a matter of general observation that many inferior loans, both guaranteed and without guarantee, find their way into the up State banks which are not considered good enough for the local institutions. Of course, it stands to reason that no real estate committee of such a bank, from a casual visit to the metropolis, can have sufficient knowledge of local real estate values and conditions to make their opinion of such loans of any value.

RISK CONCENTRATION AND RISK DISTRIBUTION

A great many foolish and impracticable schemes have been proposed by amateur bankers to secure risk concentration and risk distribution with a view of establishing greater safety. One of these is the proposition to refuse to purchase securities of railroads within a certain geographical division, such as the region west of an imaginary line marking equal division of population in the United States.

The intrinsic merits of a security and the physical condition of the property, as well as the details of management, are of vastly greater importance than the mere matter of location, whether east, west, north or south of any imaginary line. A survey of comparatively recent events in New England and New York in connection with railways and their management, will serve to corroborate this idea. While to some extent it may be true that the Western States are the experiment ground of the country, and that western railway property is apparently more likely to be affected

by adverse legislation than similar property in the East, the latter section has no monopoly of the virtue of the country.

The wise trustee or other officer of a Savings Bank is he who uses his knowledge, judgment, discretion and common sense in dealing with the important question of investments, paying little attention to the mere matter of geographical divisions so long as the security is the best.

PANICS AND THEIR LESSONS

Financial panics in the United States have been all too numerous, owing largely to unwise currency, tariff and other laws. It is now confidently hoped that under present statutes, and especially since the creation of the Federal Reserve Banks, no such financial storms as have been witnessed in the past, with all their suffering, demoralization, lack of employment and widespread loss, will be possible in the future.

The history of these disturbances shows, among other things, the urgent need of liquidity of assets sufficient to avoid serious losses to Savings Banks through inability to convert securities into cash to meet the demands of unreasoning depositors.

The first of a long series was in 1837, and it was also one of the most severe. It was a period of territorial and business expansion leading, as usually happens, to undue extension of credit and speculation. The construction of the Erie Canal, finished in 1825, in addition to numerous other inland waterways, had opened to settlement vast tracts of virgin soil, causing a remarkable increase of population in some of the middle western States. From 1829 to 1845 the number of banks in the country increased from 329 to 707.

The panic left disaster and demoralization in its wake. Values of real estate in New York City depreciated more than forty millions of dollars in six months; in two months there were more than 250 failures, and a decline of twenty millions in the value of stocks of railroads and canals which

centered in New York; the value of merchandise in warehouses fell 30 per cent. and worst of all, within a few weeks more than twenty thousand people were thrown out of employment.

Somewhat similar disturbances occurred in 1857, 1866 (at the close of the Civil War), 1873, 1884 and 1907. The disturbance of 1873 was more than a panic, it was the beginning of a long period of financial and industrial depression, due in part to the enactment of unwise currency laws, and in many ways was the legitimate outcome of ill-adjusted production and inflated credit. One outstanding feature was the enormous boom in railway construction, which showed an increase of no less than twenty-five thousand miles in four years.

In all of these financial disturbances Savings Banks, in common with other financial institutions, suffered severely, and not a few were compelled to close their doors temporarily or permanently.

THE PANIC OF 1907

Because it is the most recent, and by reason of the lessons learned therefrom by banking men of all classes leading to the enactment of wiser laws, more detailed reference will be made to the panic of 1907.

The first definite shock came with the closing of the Knickerbocker Trust Company, of New York City, on Tuesday afternoon, October 22, after a run on the institution manifesting itself at the tellers' windows and through the clearings as well. Other failures were predicted, and there was increasing evidence of alarm throughout the city and the State. The conditions seemed to justify the apprehension on the part of the leaders among the Savings Banks, and it was thought wise that a meeting of the presidents of these institutions should be called in New York to consider what protective measures, if any, ought to be adopted in the interest of all the Savings Banks.

This meeting was held on the afternoon of Friday, October 25, in the trustees' room of the Dry Dock Savings Bank,

and Andrew Mills, the president of that institution presided. Nearly all the Savings Banks of the city were represented by their respective presidents.

In the meantime, several other failures of less important state institutions had occurred, but in the discussion which followed at this meeting, it was clear that there was a decided difference of opinion as to the seriousness of the situation.

There were those, led by Wm. H. S. Wood, president of the Bowery Savings Bank, who believed that the worst was over, that there would be no further trouble and that if the Savings Banks should take action leading to the general postponement of depositors' demands, it would reflect discredit on the institutions and on the city, from which they would not recover for years.

Mr. Mills took the contrary position and, representing the views of many present, strongly advocated that all of the banks avail themselves of the provision in their passbooks and postpone further payments in accordance therewith.

The new Superintendent of Banks, Clark Williams, who had been appointed by Governor Hughes only two days before, had been invited to attend the meeting, and at this juncture was requested to give his opinion as to the proper course to be pursued. As he rose to do so, he was called to the telephone; meanwhile the discussion on each side of the question continued. Upon his return Superintendent Williams apologized for the interruption of the speaker, and announced that report had just been made by the chief examiner of the Department that the Terminal Bank, the Williamsburgh Trust Company, the Jenkins Trust Company and the First National Bank of Brooklyn had just closed their doors.

Little more was said. A resolution was duly passed advocating the application of the thirty or the sixty-day rule, and in five minutes the room was clear of presidents of Savings Banks who were on the way to their respective institutions to establish the enforcement of the pro-

vision which wisely had been written into their contracts with depositors for the protection of their interests as well as those of the banks.

A FORGOTTEN INCIDENT RECALLED

As already stated, the Savings Banks of New York City generally invoked the rule postponing depositors' demands for thirty or sixty days. As the intensity of the panic conditions increased during these periods of enforced suspension of payments, it became clear that to meet accumulated demands many of the Savings Banks would be forced to undergo liquidation of assets to an extent that might prove disastrous.

The statutes of the State provided no means of availing of the assets of a bank except by sale, and to sell securities in the then demoralized markets would have been ruinous. As the time for the resumption of payments to depositors drew near, the officers of a number of Savings Banks consulted with the Superintendent of Banks as to what might be done in the premises.

The rulings of the Attorneys General of the State had been universally to the effect that the laws of the State as applied to Savings Banks were permissive only, so far as by their express terms they allowed certain action to be taken, and that procedure outside or in excess of these express provisions was not warranted. With a full knowledge of this situation, but with a keen appreciation of the disastrous consequences following a strict interpretation of the statutes, the Superintendent took the law into his own hands and advised the Savings Banks that if they desired to secure the currency necessary to meet depositors' demands through the hypothecation of their securities rather than by their sale he would approve such action and stand behind them to the limit. A number of the banks followed his advice, though the ruling was never made a matter of record.

In connection with this businesslike handling of a delicate situation, an interesting incident occurred. The offi-

cer of a Savings Bank who at one time had been connected with the Banking Department wrote to Superintendent Williams asking if it were lawful for Savings Banks to borrow on their securities, giving his opinion that it was not, and stating that he was requesting the Attorney General to render a formal opinion on the question.

The Superintendent is understood to have made no response to the inquiry, and to have telephoned to the Attorney General's office requesting that if a letter bearing on the envelope a certain imprint was received, it be left unopened, and that no official recognition be given it; that this course was suggested for the public good and that the Superintendent would be responsible for the results.

Shortly thereafter an act was passed enabling Savings Banks to hypothecate their securities for loans under proper restrictions, which was only one of a score of banking laws the necessity for which was determined by the panic of 1907.

CHAPTER XIX

RELATIONS OF SAVINGS BANKS, DISCOUNT BANKS AND TRUST COMPANIES

Each Class of Institution Entitled to Its Own Field—The Trust Company a Comparatively Modern American Institution—Chief Distinguishing Feature Its Trust Powers—What It May Do—Sound Versus Unsound Banking—Popular Ignorance of Savings Bank Principles—Interest Departments Operated by Discount Banks and Trust Companies—Should the Banking Law Be Changed?

In considering the relations between Savings Banks and those doing a purely commercial business, several fundamental facts should be constantly kept in mind. The first is their radically different character and purpose. The savings institution was primarily organized, and during the century of its history has been sedulously maintained, not for the purpose of making money but as a place for the safe keeping of money. The increase of the principal is merely an incident.

By reason of their trust relations, the managers of Savings Banks are properly held to a much stricter accountability than the directors of discount banks or trust companies, a fact which always should be kept in mind, but unfortunately is not. When trustees lose sight of this, they are in imminent danger of crossing the line of safety.

Each class of banking institution has its own particular field, and the lines of demarcation are entirely clear. Neither should encroach in the slightest degree upon the domain of the other. It is the function of the Savings Bank to serve those who are not fitted by knowledge, experience or habit to safely invest their money, when saved. The discount bank is most thoroughly equipped with

money, skill, experience and acquaintance to make exchanges, and in many other ways be of great value in the business world. While the Savings Bank receives and invests money, the discount bank opens its doors to users and borrowers of money for pay. One serves by receiving and keeping; the other by lending. One aims at profit; the other never makes profit an end. While the Savings Bank is a receiving reservoir for little springs, the discount bank is a distributing reservoir of accumulated capital.

Thus in motive and aim the two classes of institutions are wholly different. The business of the ordinary bank of deposit and discount, both state and national, consists in receiving deposits of money upon which interest may or may not be allowed; in making advances of money, principally in the way of discounting notes and in effecting the transmission of money from one place to another. Its disposable means consists of the capital paid in by shareholders, the money deposited with it by customers, the notes it can circulate and the money it receives in the course of transmission, and which of course it must repay at another place.

THE TRUST COMPANY AND ITS FUNCTIONS

The trust company may properly be considered a modern institution, for while one or two date back a century, the great majority have come into existence within the past thirty or forty years. One of these corporations, doing business in the city of Philadelphia, was organized in 1812, another in 1832. New York has one such whose existence dates back to the year 1822.

The trust company is a distinctly American institution. Originally designed for the purpose of insuring lives and granting annuities, the tendency toward specialization has had a marked influence upon these great financial corporations, as it has upon almost every department of business and social life. The business of life insurance has become far greater than that of the loan and trust companies.

The trust company has been not inaptly termed "the de-

partment store of banking," in that it can do for a man whatever he needs done in a financial way, dead or alive. It can accept deposits, make loans, receive savings accounts, and buy a bond or a share of stock for a client, but it cannot issue banknotes. It has broader powers than either national or state banks, for it is endowed by law with "trust powers" denied to all others.

The chief distinguishing feature of the trust company is in these trust powers. It may be the executor of your will. It may be the guardian of your children. You may have your estate left in its care; in such case it will make the investments, collect the rents, pay the bills and turn the proceeds over to whomsoever you designate. It may transfer stock for corporations. It may act as the trustee in a mortgage bond issue and hold the security that protects the issue. It has broad, useful, necessary powers, and has become an indispensable part of our present financial scheme. It would be difficult to do business on modern lines without it.

The chief benefit of the trust company to the individual lies in its power to act as executor or trustee of estates. If you make your will and name an individual as your executor, he may die before you, and another must be named. He may die before your estate is settled and another must take up the work where he lays it down. All sorts of complications are possible. The trust company, however, never dies; its life is perpetual. It is surrounded by many legal safeguards. It must invest the money of estates in certain prescribed securities; it has a force of trained men who know how to make investments, keep books and render proper account to the legal authorities and to the beneficiaries. It has the machinery to do things right. The fees for these services are usually no more than those an individual would be entitled to. A trust company can do all that a bank can do, all that an individual can do and many things that neither can do.

That there is a distinct and useful field for these corporations in the financial world is conclusively proved by

their rapid multiplication and their equally remarkable individual growth. At the close of the year 1915, there were eighty-one trust companies in the State of New York, having total resources of $2,155,537,274, showing an increase in resources over the previous year of more than $440,000,000. Their total deposits on the date mentioned were in excess of $1,837,000,000.

NARROW LIMITS OF EMERGENCY RESOURCES

The development of trust companies has been especially noticeable in New York State because the financial center of the country is here. This development has kept pace with the country's financial growth in other directions, being particularly evident during the extraordinary prosperity which obtained during the ten years prior to the monetary crisis of 1907.

It is not the wish of the author to imply that trust companies generally did unsound banking, but it remains true that they had the opportunity and that it was the wisdom and discretion of their directors and officers rather than charter or statute limitations which restrained them from such a course. The severe disturbance of 1907 revealed their weaknesses, where such existed. The chief error of the management was that, relying upon a reasonably even continuance of deposits, they had invested demand deposits in loans and securities of such a character that they could not be realized upon with sufficient rapidity to meet the demands of depositors, though they may have been entirely good, considering only their ultimate payment.

In this crisis the trust companies were without the power of the Savings Banks to demand sixty or ninety days' notice for the withdrawal of deposits, and also were without the resources of banks of issue which could take out additional circulation and by that means meet the demands of depositors or of borrowers. Nor could they go to a central bank which had the sole power of issue and by a pledge of their assets secure currency which only the central bank could supply. The resource of clearing house certificates,

of which the members of the clearing house in New York and of smaller associations in many other cities availed themselves, was also denied to the trust companies.

Looking back over those trying times, it is exceedingly creditable to the trust companies that they passed successfully through so severe a monetary crisis, considering the narrow limits of the emergency resources which they possessed. It will probably be a long time before we again see so sharp a crisis as was experienced in the fall of 1907. Taking to heart the lessons then learned, many trust companies since that time, aided by the legislation enacted by the State of New York under the advice and recommendation of the Superintendent of the Banking Department, have placed themselves in a much more secure position, should a similar financial crisis occur. Their efforts have been directed as much toward securing greater liquidity in their assets as toward a greater degree of safety in loans and investments.

The use of the trust company as a place of deposit for large accounts to be held against exceptional opportunity for investment, should be discouraged in every proper way. Savings Banks, as is well known, make use of the best trust companies as depositories for funds which may be waiting briefly for investment, or against the exceptional demand upon the Savings Banks which an industrial depression at any time might cause.

IGNORANCE OF SAVINGS BANKS PRINCIPLES

The popular ignorance of the principles upon which Savings Banks are organized and conducted truly is surprising. Many intelligent young men and women are unaware that Savings Banks of the Trustee or Mutual type have neither stock nor stockholders, and hence are under no necessity or pressure, as banks of discount and trust companies are, to earn and declare dividends so as to make as favorable a showing as possible in respect of profits. This fact alone sets the Savings Bank apart and adds very materially to its permanence and safety.

As an instance of this popular ignorance with reference to the functions of Savings Banks, during the year 1915 many institutions for savings in the larger cities of the country were confronted by threats by self-appointed protectors of neutrality to organize depositors of foreign birth to withdraw their deposits from Savings Banks that had invested their funds in the $500,000,000 loan to England and France! These sapient meddlers and trouble-makers overlooked the trivial fact that investments in such loans is wholly beyond the power of Mutual Savings Banks.

In the strict sense of the word, Savings Banks do not conduct a banking business, have no check accounts, and therefore are not banks at all. Where commercial banks are permitted to have a Savings Department, the funds on deposit are not infrequently used by the bank in their ordinary business. "This," says Fiske, in The Modern Bank, "is a bad system. It subjects the savings deposits to risks inconsistent with the legitimate purpose of such institutions. When a man makes a deposit in a commercial bank, he entrusts the funds to it for its own use. It makes him its creditor. He is entitled to no increment from the use of the funds, unless it agrees to pay him interest, and has only a claim upon it for the amount due him. The Savings Bank takes deposits, not for its own use, but for safe keeping, and the sole use and benefit of the depositors. The prime consideration is safety, not profit or income."

It is true that there may be a surplus or guaranty fund accumulated as a security against depreciation of investments or other contingencies, but this always remains the property of the depositors and for their security. It is in a commercial sense "undivided profits" of the bank. The funds are placed in trust for the depositors collectively, and they are supposed to realize all the profits, after the necessary expenses of administration have been deducted and the legal reserve taken care of.

A fact always to be remembered is the matter of legal restrictions applicable to the two classes of institutions.

The criticism frequently has been made that the Banking Law of the State of New York is not by any means harmonious in all its parts, in that it gives certain institutions large powers with respect to the receiving and investment of deposits, and certain other institutions limited powers in the same direction. The result is that the latter class of banks, laboring under decided disadvantage—a distinct handicap—find that serious inroads are being made upon their distinctive field, which they are powerless to prevent. That this condition does not make for safety and stability, which always must be the first consideration with respect to Savings Banks, no student of banking will be likely to deny.

SOME SAMPLE ADVERTISEMENTS

Both the discount banks and the trust companies are clever advertisers; they do not let slip many opportunities to keep the public posted as to their particular advantages. Samples of their advertisements are appended:

The..... .....Trust Company

Four per cent. Interest paid on Special Time Deposits of $250 or over.

Deposits made on or before February 3d draw Interest from the 1st.

Assets over $9,000,000

The ..... Bank

.....New York.

CAPITAL AND SURPLUS, $2,500,000

THIS bank will pay 4 per cent. interest after January 1, 1915, on accounts of $500 and upwards if left undisturbed for six months, offering the following liberal feature: Interest will be paid from the date the deposit is made, which means an extra profit to you.

SPECIAL THREE MONTHS' DEPOSITS

We also have an arrangement to pay 3½ per cent. on accounts of five hundred dollars or more. It is only necessary for you to carry this money on deposit for three months to receive interest; after that period the money may be withdrawn at any time and interest will be paid to date of withdrawal.

Some banks and trust companies have also opened "Interest Departments," paying 4 per cent. on monthly balances, thus making a still further bid for the people's savings which naturally belong to the savings institutions. How to meet this competition is a question that is puzzling many Savings Bank managers and trustees throughout the State. Being restricted to first mortgages on real estate, municipal and other high-class securities, and cut off from the industrial bonds and stocks that pay much larger interest, they find themselves seriously handicapped in the race. The Savings Bank's earnings are not large; therefore it cannot afford to pay large interest rates; but the safety of the investment is ever uppermost, and for those who are looking for security together with moderate profits no better plan exists than that offered by the savings institutions of the mutual type. For those who wish to speculate, there are billions of dollars' worth of securities, covering all kinds of enterprises and establishments from Maine to California.

Here is an advertisement from a great New York daily:

> ## To Savings Bank Depositors
>
> Your money in the Savings Bank is part of your capital.
> Capital is accumulated labor.
> Your accumulated labor is fairly safe, but not working hard when it only pays you four per cent. per year.
> Long experience has shown that a few hundred dollars invested in lots earn ten per cent. to fifty per cent. per year.
> Lots right off Broadway within a few hundred feet of a subway station. (238th Street.)
> You take no risks—you run no chances.
>
> 70 PER CENT. ON MORTGAGE. TITLES INSURED FREE.
>
> *Savings Bank books taken as deposit on purchase of lots.*

There are also the "Christmas Clubs" which for several years past discount banks in many of the larger cities have been operating. These take the money of savers and keep it until the holidays, *but pay no interest.* Deposits are received by mail for this purpose.

A bad practice which does not prevail to the extent which it did some years ago, is that of private business corporations receiving money from their employees, paying interest on the same and making loans. One concern, believed to be absolutely solvent, has accumulated in this manner, according to well-founded report, about $300,000. Some others have not as good a reputation for solvency. This kind of business, it is well known, is contrary to the provisions of the State Banking Law.

As far back as the year 1870, the Superintendent of the Banking Department recommended that all private bankers be placed under his supervision, but the opposition was successful in defeating it for many years, until the enactment of the present law.

MR. HUNT'S WELL-CONSIDERED PAPER

In a well-considered paper on the subject of "The Relation of Savings Banks with Trust Companies, National Banks and Postal Savings Banks," read before the Savings Banks Association of the State of New York, May 20, 1915, by Isaac L. Hunt, of Watertown, New York, this whole subject was dispassionately treated. Mr. Hunt expressed the opinion that the banking law of the State of New York is not harmonious in all its parts, in that certain banks have large powers, both with regard to the receiving of deposits, as well as in the making of investments, while certain other banks possess limited powers in these directions; the result is that these different classes of banking institutions are forced to compete unequally as to deposits and as to investments. This condition works disadvantageously to those banks whose powers are limited, and to the advantage of those banks that have greater powers as to deposits and investments, and in this respect he regards the banking system of New York as inharmonious, if not self-destructive.

Doubtless, this destructive principle was incorporated in the New York State banking law more from lack of comprehensive grasp of the whole situation than from malevolent design, illustrating the weakness of human judgment in the creation of laws that will operate justly and harmoniously upon all the interests involved. It calls attention to the need of remedial legislation that shall adjust these conflicting conditions, in order that the banking system of the State shall give to each class of banks full authority to exercise their powers without destroying one another.

Dismissing the idea that Postal Savings Banks will ever prove serious competitors of the Savings Banks, Mr. Hunt proceeds to say:

> Not so, however, with National Banks. National Banks are in lively competition with the Trust Companies in the State to secure deposits from the people. They compete also directly with Savings

Banks in securing deposits. Lately, National Banks have increased the rates of interest on certificates of deposit and resorted to various plans and schemes for the purpose of inducing the public to deposit their money with them. By these artificial means vast sums of money are secured, much of which, no doubt, is, strictly speaking, Savings Banks money, and ought to be deposited in Savings Banks instead of National Banks.

With a view of having their assets as liquid as possible, National Banks invest their funds in bonds, notes and commercial paper. Hence, Mr. Hunt reaches the conclusion that the real competitors of the Savings Banks in the matter of investments, are the trust companies. By well-understood means some secure not only the money of the rich but the savings of the middle and even the poorer classes. The money thus obtained they loan customers and invest in various securities yielding a large rate of interest. That such a condition makes for instability and danger, is too patent to need any argument. Upon this point, Mr. Hunt well says:

Such are the temptations in the business world to take risks to secure gains, that it needs no argument to prove that the savings of the poor—of the laborers—of those in advanced years, and of trust funds should only be invested in the soundest kind of securities, and that the law regulating the deposits of such classes of people ought to compel investment in lines of security of the most permanent value. The law does regulate the investment of Savings Banks on such lines, but the trust companies are at liberty to invest this kind of deposit in commercial securities that will yield the largest return.

When the law authorizing Trust Companies was put upon the statute books, there should have been a section compelling them to segregate the money deposited in their savings departments and invest the same in a line of Savings Bank securities, the same as Savings Banks, in the interest of safety to the depositors. An effort to amend the law now in this particular would be both unwise and inexpedient. It would provoke the opposition of the National Banks and Trust Companies, and would produce a controversy among the banks that would be unfortunate if not disastrous.

This is a clear statement of a condition that has long been fully understood in the banking world; it is not in the

least overdrawn. If it be deemed inadvisable, at the present time, to attempt to change the law governing trust companies, the officers and trustees of Savings Banks can still do much to cause the public to understand the true situation; then, no matter what may happen, they will have the satisfaction of knowing that they have done their duty toward the owners of the nearly two billions of dollars that have been entrusted to the Savings Banks of this State by its provident people.

The whole community must face the solution of this and other problems with open minds and in a spirit of fairness and impartiality, and although the banking millennium of complete coöperation and absolute solvency may still be a long way off, it is the duty of officers and trustees of Savings Banks in this State to bring nearer and nearer the time when every depositor in every bank in the Commonwealth shall feel that his money is as safe in one of these institutions as if deposited in the Treasury of the United States.

If unsound methods are allowed to prevail in banking affairs, sooner or later there will come a day of reckoning.

CHAPTER XX

DORMANCY OF ACCOUNTS

Some Popular Misapprehensions Corrected—Systematic Efforts by Bank Officials to Minimize These Accounts—Their Aggregate Much Less than is Popularly Supposed—Some of the Leading Causes of Dormancy—Such Accounts Never Outlawed—Their Annual Publication Now Required—Some Very Interesting Cases Given in Detail, Showing Remarkable Detective Ability—Grateful Recipients.

ONE of the most troublesome questions in connection with the management of Savings Banks is that of dormant accounts—unclaimed deposits, some have improperly termed them, forgetting that there is no such thing as an unclaimed deposit, for any deposit is likely to be claimed, and as a matter of fact very many have been claimed and paid over to the rightful owners or their legal representatives long years after they had first become dormant.

Despite a popular impression to the contrary, none of the officials of Savings Banks in this State desire these accounts; on the other hand, they expend very considerable sums annually in systematic efforts to discover the true owners, with a view of inducing them to keep the accounts active or close them out permanently.

The aggregate amount of these dormant accounts is very much less than is commonly supposed. The subject was brought to the attention of the Constitutional Convention which met at Albany in 1894. This convention sent out a circular to each Savings Bank in the State, calling for a report of all such accounts. The reports which were received showed that all the Savings Banks combined had, at that date, but about five thousand of this class of accounts. In most cases, the amounts were very small. A

considerable portion belonged originally to soldiers who never returned from the Civil War, and to sailors who had gone down to the sea in ships and had never returned. The aggregate of these five thousand accounts, out of a total of a million and three-quarters, proved to be but one-fifth of one per cent. of the Savings Banks liabilities. This is to be accounted for by the fact that it is the common practice for officials of these institutions to exhaust every means of finding the true owners and tendering them the money, or by constant care and vigilance prevent accounts from becoming dormant.

It was also found, as a result of this inquiry, that over fifty banks in this State were without a single account of this character, and that only twenty-two had more than twenty-five dormant accounts each. Half of the whole sum—or about $800,000—was held by a single bank in New York City, and more than one-sixth of it by another. In the year 1899, the aggregate of these accounts was given as a million and a half of dollars out of a total of seven hundred millions in the banks of the State.

In some of the oldest banks in the State, the amount of these dormant accounts is between $10,000 and $40,000. The Rochester Savings Bank, for example, in 1911, had deposits aggregating more than $25,000,000, while the total of its dormant accounts was only $9,434.19. The Albany Savings Bank, one of the oldest in the State, had but $27,000 of these accounts.

The Auburn, New York, Savings Bank has 13,425 open accounts, of which only twenty-seven, aggregating on January 1, 1916, $2,270.17, are dormant. The Rome, New York, Savings Bank, which has been organized sixty-five years, during which time it has had over 47,500 depositors, on May 8, 1916, had only twenty-two dormant accounts, the total amount of which did not exceed $500. The Broadway Savings Institution, New York City, on May 9, 1916, had seventy-one dormant accounts, which totaled $7,444.06. By diligent, systematic efforts they are reduced to an average of two or three each year.

SOME OF THE LEADING CAUSES OF DORMANCY

Accounts become dormant through various causes—deaths in army and navy; sailors whose whereabouts are unknown, if living; sudden death, shipwreck, insanity, forgetfulness and absolute ignorance of business methods. Frequently elderly people place a certain amount for burial purposes and die without revealing the fact; others draw the principal and forget to withdraw the interest or dividend which, in the course of years, accumulates to a considerable sum.

One woman was found not long ago in New York who made the statement to the bank's officers that she had not applied for her money because she thought she had lost it when she lost the passbook. Another woman did not call at the bank for twenty-three years, being afraid her husband would get the money and spend it. Another was very angry that the bank had advertised for her, because her children would learn of the deposit and she would have to use the money for her own support and would be deprived of their help.

Women are not the only ones with whom banks have had similar experiences. One case came to light in which a prominent gentleman in New York (since deceased) was very angry that he had been advertised for, and even went so far as to deny the signature he had given on opening the account; but as the amount was quite large, he finally, at the request of the bank, "accepted a check."

The officers of the Bank for Savings, New York City, recall one instance in which a long, successful search resulted disastrously for the discovered heir to an account which had been opened in 1822. This was only three years after the bank first opened for business. The heir, a woman, had always been an exemplary, hard-working person; but the possession of so much money—a fortune in her eyes—started her on the road to dissipation. She never did another stroke of work to the time of her death, which occurred within one year after receipt of the money.

Many instances might be related of bank books having been found in old trunks or other places where they had lain neglected and forgotten for thirty and even forty years. In one instance, a passbook showing a considerable balance had been used by children to scribble and draw pictures on. An advertisement for the heirs of the original depositor came to the notice of a benevolent minister on Long Island, and through his efforts the money was paid them. One of the heirs, a young woman, called at the bank shortly after the receipt of the money and invited the president to her wedding.

The faith shown by some of the oldest depositors in the institutions they patronize is surprising. James Knowles, comptroller of the Bank for Savings, New York, writes: "We have had many cases of depositors where accounts had become dormant and who had seen our advertisement for them or their heirs but had not taken the trouble to come to the bank for years. When at last they did come we have found the advertisements carefully pinned in the passbooks. On inquiry why they had not called before, the invariable answer has been: 'I knew the bank was all right.' "

Under modern methods, with the increased information required in the opening of accounts and the prompt following up of any possible cases by correspondence, it may be safely said that dormant accounts are practically a thing of the past.

EXCELLENT RESULTS OF SYSTEMATIC WORK

With a view of instituting a system that should have for its object the minimizing of these dormant accounts so far as possible, Bank Superintendent F. D. Kilburn, in the year 1899 addressed a communication to each Savings Bank in the State in which he outlined a plan for the avoidance of the accumulation of dormant accounts which, in his opinion, was sure to produce the desired results.

This system was suggested by Mr. Bryan H. Smith, president of the Brooklyn Savings Bank, and many years ago was put in force in that institution; also, substantially the

same plan was used in the Onondaga County Savings Bank.

"The institutions which have been longer established," said the Superintendent, "have a more difficult task before them than that which confronts the comparatively new banks, but with which they must not fail to grapple resolutely, and to the performance of which they are bound to apply themselves energetically and persistently. Every month's delay will make the work harder and more intricate, and failure altogether to take it up may prove to be most unfortunate."

The system referred to by the Superintendent is as follows:

> On each account upon your ledgers place a signal denoting the last date when interest was entered in the passbook; a deposit or draft will also indicate the last date that the book was presented.
>
> From these ledgers draw off lists of inactive accounts by years to a blank book kept for the purpose, giving number of the account, its amount, name of the depositor and his last known address. Then notify these depositors by mail or otherwise to call at the bank and have their interest credited. When a depositor appears, erase his name from the blank book and place a new signal on the ledger. If the notification is by mail, and it is returned unclaimed, or the depositor fails to call, a man should be employed to make personal inquiries and pursue the investigation as far as may be done consistently with reasonable regard for expense and the difficulties arising in each case. This system should be employed in all cases where one or more years have elapsed since the whereabouts of a depositor was known, or since the book was presented for interest entry.

No claim was made by the Superintendent that this would remedy, to any great extent, the long-standing dormant accounts, but it was his opinion that if faithfully followed it would prevent future dormant accounts.

The author addressed a letter to the Comptroller of the Brooklyn Savings Bank, under date of July 21, 1916, asking for some account of their experience with the system, and in reply received the following:

> The system of tracing dormant accounts instituted during the time Mr. Smith was president of this bank is as follows: We listed all accounts that had been inactive for five years past, and each succeeding year made an additional list upon the same basis.

After sending a circular letter requesting that the book be presented for credit of interest, and getting in a large majority of them, we sent a further request to the remainder, and finally employed a tracer.

This scheme has borne such satisfactory results that we have continued it to this day, with the net result that last year out of our 72,000 open accounts, we had but four to report as dormant. At the present writing we have one to report this year, and it is possible that that one will be eliminated. At the same time, our tracer is working on the old accounts constituting our "Deposits Suspended," with the result that many of these also have been eliminated. The man who does this particular work is a good investigator, has spent a large amount of time and accomplished very satisfactory results.

In response to a similar inquiry, D. E. Petit, treasurer of the Onondaga County Savings Bank, Syracuse, above referred to, replied under date of July 22, 1916:

Our system is as follows: When an account becomes automatically dormant, it is transferred to our dormant account ledger. The ledger is alphabetically arranged, and contains the following columns:

Date of Transfer.
Book No.
Page.
Name.
Address Given.
Last Known Address
Account Opened.
Last Transaction.
Amount Dr.
Amount Cr.
Efforts to Locate.
Reported to the Department.
Final Disposition.
Remarks.

On looking over the register I find entries which indicate that the efforts to find these depositors have been quite consistent and thorough. That these efforts have been successful is evident from the fact that our dormant accounts amount to only $6,111, from the organization of the bank, in 1855, to the present time. In view of this fact, it is amusing to see old soldiers strutting about the bank claiming that our building was erected with unclaimed deposits of Civil War soldiers. I recently tried to correct the popular impression as to the amount of these accounts in a newspaper interview. I suppose you have had like experience.

DORMANT ACCOUNTS NEVER OUTLAWED

No account is ever outlawed in the State of New York; the statute of limitations cannot be invoked. However, if an account shows no transactions for a long period of time, it is properly regarded as dormant and ceases to share in dividends. Until such time as the principal of the account is demanded, the dividends earned benefit the owners of all active accounts.

The practice is not uniform. Some banks stop interest after a stipulated period of from ten to twenty-two years; and in cases where the dormant accounts have been paid over to the rightful owners, interest at the regular rate has been figured and added to the balance. A few banks continue to pay interest so long as the account remains on the books of the bank. In the State of New York, the period of time required to make an account dormant is generally twenty-two years.

As stated, it is the approved practice among most institutions in the State to institute a rigid system of keeping track of these inactive accounts and searching out the owners so as to minimize, so far as possible, the accounts so held. This is not only good practice but a worthy work, and when success has crowned the efforts of the banks' officers they have shared the happiness of those to whom the money rightfully belonged. A few hundred dollars is a small fortune to those who have never known anything but a struggle for existence from day to day, as is the case with thousands in the great cities, and most of the old accounts that have been traced have gone to people in poor or even desperate circumstances. Numerous instances of this will be cited later on in this chapter.

There would seem to be no doubt that the officers of the various banks are much better qualified to take care of these accounts than any one else—even the lawmakers—yet for many years this class of accounts seems to have been the particular "game" of the legislators, especially those from the large cities. The hunting was good, and appar-

ently, there was no "closed season." There seemed to be an unshakable opinion in the average legislative mind—a belief, by the way, wholly unfounded—that many million dollar marble banking houses had been built with funds taken from these so-called "unclaimed deposits."

The favorite plan which found many earnest advocates among the lawmakers, was to exploit the names and amounts through the newspapers, or otherwise, inviting claimants. No doubt there would have been a plethora of these, had such a bill been passed, and one result, at least, would have been to quickly galvanize life into these sleeping accounts. Happily, wiser counsels prevailed, and for a number of years past the solons have seemed content to leave the matter where it properly belongs—in the hands of the banks themselves.

It is true that in some commonwealths—notably Massachusetts and Pennsylvania—the State ultimately comes into possession of these accounts. In those States, after the expiration of thirty years, the money is paid over to the State treasurer, who must hold himself ready, at all times, to pay the same to the rightful owners upon presentation of proper legal proof. It is difficult to imagine any grounds upon which the State could, in any event, lay claim to these accounts.[1]

[1] Emerson W. Keyes, in his "History of Savings Banks in the United States," (1878), says on this point:

"I maintain that no lapse of time during which the depositor fails or neglects to present himself or his book at the bank can create any claim on behalf of the State to the moneys thus deposited. The daily experience of the older Savings Banks is a perpetually recurring refutation of the hypothesis that after the lapse of ten, or even of twenty or more years, without intercourse with the institution, the death of the depositor is to be presumed. But granted, that after some period, say fifty years, this presumption might safely and justly be made, we are still as far as ever from finding title, or claim of title, upon any known legal or equitable hypothesis or theory, in the State, to the money of such presumably deceased depositor, for it is impossible, upon any basis of reason, or upon any rational theory of probabilities, to create a presumption that he died intestate and without heirs. And until both the decease and the failure of heirs can be established, either conclusively or presumptively, the State can have and can make no claim, not directly opposed to those rights of personal property conserved by the fundamental law of the State, which is higher than any legislature; while, with both these incidents conclusively established, the claim of the State may be successfully preferred, though the deposit is but two hours old."

THEIR PUBLICATION NOW REQUIRED

The revised Savings Bank Law of the State of New York (Article 274), provides that on or about the first of September in each year, all Savings Banks shall report to the Superintendent of Banks all such dormant accounts of ten dollars or more, giving the name of the depositor in full. Such accounts are to be published once each week for two successive weeks in a local newspaper, and once in a newspaper in the City of Albany. Very wisely, it is not required that the amounts be published.

The suggestion has been made that inasmuch as Savings Banks may not charge off on their books or legally use these uncalled for balances, some provision might be made by law for the use of these funds in the promotion of thrift. One Savings Bank official asks: "Would it not be reasonable that the expenditure now being made in some of the cities of the State to promote school savings should become a proper charge against certain dormant accounts, which accounts, after the lapse of the term of years of advertising could be placed in charge of the State Banking Department?"

It may be safely said that on the whole the advertising of dormant accounts is an advantage, as in cases where it does not bring forth an applicant it helps to establish the fact that the balance is never likely to be called for. In some cases, the complications involved in making just distribution of funds to descendants whose portion would be very small, has deterred bank officials from doing anything with a dormant balance.

Perhaps every bank having dormant accounts has had the experience of calls from persons whose parents or relatives were of the same name as the owner of dormant accounts, which owner, after full investigation has proved to be another party in no way connected with the applicant for the balance of the account.

Although it is the usual practice of banks to stop adding interest on the ledger after twenty-two years and to note

the account as dormant, yet as a rule Savings Banks pay interest to the date of withdrawal by the proper authority, not as a matter of legal right, but as a favor on the part of the bank.

In one particular case which occurred in New York City, it was decided by the bank officials, by reason of the unusual amount of time and expense involved, to allow but one-half the amount of interest which would have accrued after the date when the account became dormant. The heirs were not at all grateful—indeed, they even threatened to bring suit for the entire amount which would have accrued, but subsided when convinced they had no right to anything beyond the twenty-two year limit. No doubt many banks have had the experience of depositors turning up in response to the search and calmly stating they knew all about the account, were quite satisfied it was in safe hands and did not feel there was any need to inquire about it. One such man turned up from Australia, in the case of a dormant account in the City of New York.

GRATEFUL RECIPIENTS

One of the clerks in the Greenwich (New York) Savings Bank, in working over the dormant accounts, noticed the names of two ladies whom he had known for years and recognized as old friends of his family. Investigation showed that the accounts belonged to these ladies, but that they had quite forgotten about them although they were in straitened circumstances. Something like $1,500 apiece was paid to them—a most welcome windfall in time of real need.

Another case, connected with the Bank for Savings, New York City, is worthy of special notice. After a long and somewhat expensive search, under the personal direction of the president of the bank, the heirs were found, in extreme poverty, in Ireland. To say that such a letter as the following, fully repaid the trouble of investigation, but mildly expresses it:

FRANKFORD, IRELAND, May 16, 1900.

Dear Sir:

I received your very welcome letter enclosing the two drafts, and I must say that you have dealt most liberally in giving one so much for the trifling trouble I took in the matter.

When I received the drafts I took them to the wretched hovel occupied by James Larkin and his brother, William, and told them the good news. James burst into tears and called down a thousand blessings upon "the good bank man" and upon me, and he says he will pray for us as long as he lives; and William, who has been in bed with chronic asthma for the last fortnight, seemed to be just as glad as his brother at the good news. When their excitement had abated somewhat they asked me to read your letter for them, when expressions of gratitude both to you and to me were made use of at every line. They then asked me to advance them the small sum of four shillings until I could get the draft cashed, which I did at once. This will show you what extreme poverty they were in at the time, for they told me they had spared everything, living upon little or nothing until that morning when they had neither money nor food.

I have often, as it were, acted the part of a Providence to people, relieving or setting them right when all hope seemed to have departed, as far as my small means would allow, but I never saw any one show more gratitude for anything than the poor Larkins on this occasion.

If there be a God,—and I am old-fashioned enough to believe that there is,—I feel assured that He will bless you for your great kindness and charity to this poor blind man.

Wishing you every happiness in this life and the next, and again thanking you,

Your faithful friend,

(Signed) T. GOODISSON.

CASES FROM THE BOWERY SAVINGS BANK, NEW YORK

For many years past, the Bowery Savings Bank, New York, has made a specialty of these dormant accounts, being determined to keep the number as small as possible, and with that end in view placed the matter in charge of an expert in that line—Mr. Joseph G. Liddle—to whom the author is indebted for full and interesting details of some of the leading cases handled by him. It may not be out of place to add that these cases exhibit, on the part of Mr. Liddle, remarkable detective ability, perseverance, ingenuity and resourcefulness. All of the cases given are

full of human interest, and some of them read more like romance than the reality they undoubtedly are.

STORY OF THE CULLMANN ACCOUNT

One of the most interesting and difficult, and at the same time one of the most successful cases with which Mr. Liddle has been connected is that of the Cullmann Account. It is given substantially in his own language:

Account No. 172,894, in the Bowery Savings Bank. New York. Frederick Collmann, Turner, 425 Fifth Street.	January, 1861.
Transferred to Account No. 202,797 Eliza Collman, 180 Ludlow Street. Widow.	January, 1863.
Transferred to Account No. 263,223 Eliza Cullmann, 638 East 13th Street. Widow. Julius and Mary For William, Charles and Franz.	January, 1866.
Transferred to Account No. 352,909 Eliza Cullmann, 404 East 11th Street. Sews. Widow. Julius and Mary For William, Charles and Franz.	March 31, 1873.

As shown above, this account was originally opened by Frederick Collmann (or Cullmann), a turner, in January, 1861. In the course of time, the account became dormant and search by letters and advertisements was unfruitful of results until, after a number of years, in response to one of the bank's advertisements, a letter was received from a gentleman of the name of William Cullmann, in which

he stated that the similarity of the name to that of his mother had attracted his attention. He was invited to call at the bank, and after several interviews, the following story was elicited:

Frederick Cullmann, his father, was a prosperous pipe-maker, the shock of whose sudden death so upset the mental balance of his mother that she became subject to periodical fits of insanity; still she kept the little family together for a number of years, until one day she had one of her attacks on the street, was taken care of by the police and placed in an insane asylum. The three children were sent to one of the city institutions and cared for until of proper age, when they were indentured to various parties. Thus the family was scattered. The names of the three children agreed with the beneficiaries named in the account in question, and the story appeared to match the bank's records, but unfortunately the correspondent could not remember the addresses of his family during the years previous to 1873, except that at one time they lived in a house on the East Side opposite a graveyard. Examination of city maps developed the fact that one of the addresses given by the bank's depositor fitted that description exactly, and the correspondent completed the link by pointing out the exact house, the number of which agreed with that given by the depositor. He was asked to search among his papers for a signature of either his father or mother, but having lost many papers in moving from place to place, he doubted his ability to furnish what was asked for. In a few days, however, he submitted the following:

The original papers issued by the surrogate to his mother, Eliza Cullmann, as administratrix of the estate of Frederick Cullmann; this paper matched the copy filed with the bank when the account was transferred from the name of Frederick Cullmann to that of his widow, Eliza.

An old wallet belonging to his father, whose name as written on the flap bore a strong resemblance to the signature on the account opened by Frederick Cullmann.

The cover of his mother's old workbox, bearing her name, evidently written by herself, as the resemblance to the signature on the bank's books was very striking.

Sundry other documents, viz.: Certificate showing the marriage of Frederick Cullmann to Eliza Warner; certificates showing the christening of the various children; and other papers showing membership of Frederick Cullmann in various societies, such as the fire department, etc.

All this evidence served to connect his mother with the account in question. When told that over eleven hundred dollars belonging to his mother had been in the bank all these years, he was deeply affected, and with tears in his eyes said: "If we had only known this, our family would not have been broken up—we would have been able to keep together."

He was advised how to proceed in the premises; to take out letters of administration, etc., and the bank would pay the account, all of which he promised to do. It appeared later, that there was another boy, besides William, Charles and Franz, and that the inability of William to locate this missing one, caused him to become disgusted and to drop the whole matter. This was in 1898. Three years later, as the bank still held the book representing this account, and as Mr. Cullmann had done nothing, he was requested to again call at the bank, which he did. At this interview, Mr. Cullmann stated that his every move seemed to be blocked and he regretted having ever heard of the matter for it revived memories long since dead. So far as he was concerned, he declined to have anything further to do with the account, but was perfectly willing to have Mr. Liddle undertake to solve the mystery, which the latter started out to do, with the full consent of the bank's officers.

Very early in the search, it occurred to Mr. Liddle to ascertain whether Eliza Cullmann (with the cunning of the insane), had placed money in other banks. Much to his surprise Mr. Liddle found an account in the Metropolitan

Savings Bank amounting to over two thousand dollars. This account read as follows:

Andrew Miller or Eliza Cullmann
in trust for
William, Franz, Charles and Mary,
her children.

In none of his interviews did Mr. Cullmann ever mention that there was a sister, and Mr. Liddle found that he had utterly forgotten her, she being very young when they were placed on Randalls Island, and he himself not more than nine years old at that time. When her name was mentioned, however, he remembered her.

According to Mr. Cullmann, the children, after being on Randalls Island for a number of years, were indentured to various parties; he himself was given to a Mr. Withers, a horseman, and Franz went to a woman in Connecticut. These two became dissatisfied after a few months, and ran away, returning to New York and eventually finding each other. In the meantime, the mother was discharged from the insane asylum as cured, and in due time she and the two boys were reunited and remained together until she had another attack of insanity, when William, to protect himself and Franz, had to call in the police and put her in their charge. The boys were so young that they had lost interest in the other two children, and perhaps felt also that wherever they were, they were better off than they would be at home under the existing conditions.

The problems Mr. Liddle had to solve were these:

1. To discover the whereabouts of Eliza Cullmann, the mother, and of Charles and Mary Cullmann, the missing children.

2. If any or all were dead, the time and place of death.

William and Franz, after coming together never lost sight of each other, and at various times, when they had the time and leisure, tried to work out the above problems, without success.

Eliza Cullmann having fallen into the hands of the

police, Mr. Liddle made a search of the police records. Many changes in boundaries of police precincts were made in thirty years, but finally he located the stationhouse and found this record:

17th Police Precinct, in 1874. (Now known as the 15th.)
Date, November 16, 1874. Time, 7:15 A. M.
Name, Elizabeth Coleman.
Age, 36 Years.
Color, white.
Birthplace, Germany.
Occupation, housework.
Condition, married.
Address, 11 First Street.
Charge, insanity.
Complainant, William Coleman, 11 First Street.
Arrest made by Officer Tuthill.
Committed to care of Commissioner of Charities and Correction by Judge Kilbreth.

This evidently was the record wanted; the change of name was easily explained by the fact that the arrest was made by an Irish officer, who would be very apt to give a phonetic rendering. Continuing his search, Mr. Liddle found that on November 17, 1874, Elizabeth (or Eliza) Coleman was admitted to the asylum at Wards Island, and died at Harts Island, April 3, 1886.

The records of Manhattan Hospital, Wards Island, New York City, settled the time and place of the death of the mother, and on the strength of it the surrogate issued letters of administration to William Cullmann, the eldest son.

Mr. Liddle was assured that the records of Randalls Island failed to show that the four Cullmann children had ever been committed there, although William Cullmann asserted it again and again. He said that while on the island he was a member of the drum corps and remembered distinctly visits made to the island by "Boss" Tweed and Tom Brennan; also a trip to New York to attend the funeral of some famous man—he thought it was Admiral Farragut. Mr. Liddle was not satisfied, and finally, in April, 1902, paid a visit to the island in company with Mr.

Cullmann, and as a result, found the records he sought, showing that William, aged 13 years, Frank, 11 years, Charles, 9 years, and Mary, 7 years, had been committed to Randalls Island, June 9, 1869. The records also showed to whom the children had been discharged, Frank, to Amelia P. Fenn, New Haven, Connecticut, Charles, to Isaac Van Nostrand, Clarkstown, Rockland County, New York, Mary, to Amelia P. Fenn, New Haven, Connecticut, and William, to D. D. Withers, Madison, Morris County, New Jersey.

These records, which were made in the years 1871 and 1872, gave Mr. Liddle the desired starting point, but it seemed almost hopeless to expect to find the two children after the lapse of so long a time (thirty-two years). By very clever work, he discovered that Mary was married and living at Yalesville, Connecticut. The adopted child for years had believed she was the daughter of Mrs. Fenn, the latter having allowed the child to grow up in entire ignorance of both her family and her real name. Mary's amazement when informed that she had three brothers, two whose whereabouts was known, and the third to be found, was described as pathetic indeed. Two weeks later, Mr. Liddle had the extreme pleasure of bringing William and Mary together, after a separation of over thirty years. William recognized her at once, by the marked resemblance to her mother. The meeting is described as having been very touching. This was in July, 1902.

The story of how Mr. Liddle later found Charlie, by means of photographs he had secured, circularizing the entire county of Rockland, and using the advertising columns of the New York Sunday papers, is equally romantic and interesting. It was his extreme pleasure, a few evenings before Christmas, 1902, to sit down to dinner in the home of William and witness the reunion of the three brothers, so long separated. Mary was not present on that occasion, but all the children had a reunion later, and were delighted at being together. Charlie never knew any other name than Coleman, and for a long time did not use that,

being known by a name selected by himself. It was very singular, when the brothers came to compare notes, to find that some twenty years before, Charlie and William worked in the same building and yet never came in contact with each other; and that Frank, the other brother, was frequently in the same building to see William.

One of the most gratifying features of this remarkable case is the fact that all the children, in spite of their early disadvantages turned out well, William being married happily, with a good position and three lusty children; Frank, a bachelor, an expert in his line and making a comfortable living; Mary happily married to a sensible fellow who owns his own home in the country, but with no children to enjoy its advantages; Charlie, a skilled mechanic in his line, married and well thought of in the village on Long Island where he resides.

This story runs along so nicely, and all the facts dovetail so exactly, that it is not easy to realize how much time, labor and thought had to be expended before the end of the tangle appeared. It might, not inappropriately, be compared to the finished work of a dressmaker—so many invisible stitches were necessary to produce the final effect.

THE CASE OF THOMAS MC CULLEN

In September, 1866, a man by the name of Thomas McCullen became a depositor in the Bowery Savings Bank, New York. Passbook No. 273,730 was issued to him and his residence given as 7 Cherry Street, New York City. The account ran along with drafts and deposits until the passbook became full, when the balance was transferred to a new account, No. 402,736, his residence being then given as 138 or 188 Grand Street, New York City; occupation, a silversmith; parents' names, Patrick and Mary, and transferred from account No. 273,730.

Account No. 402,736 became dormant in May, 1896, under the rules of the bank, no transaction, either deposit or draft or credit of interest having been made in twenty years.

For some years prior to 1894, the bank made diligent effort to locate this Thomas McCullen, but without result, and after the account had become dormant increased endeavors resulted in no clew.

In the fall of 1899, Mr. Liddle caused a circular to be printed and circulated seeking information about this depositor. Copies were sent to all the manufacturing silversmiths in New York, Brooklyn, Jersey City, New Jersey, and also to the centers of that industry in Connecticut, Massachusetts and Rhode Island.

Mr. Alfred Woodward, foreman of the establishment of George W. Shiebler & Co., corner of St. Marks and Underhill Avenues, Brooklyn, received one of the circulars and wrote that he remembered a Thomas McCullen, who worked with him in a silver manufacturing concern in John Street, New York, owned by a firm known as Wood & Hughes. Mr. Liddle interviewed Woodward and learned that while the latter had not seen his friend McCullen for twenty-five years, he was quite sure that he had a brother living in Philadelphia, Pennsylvania.

In due time, Mr. Liddle received a letter from one Michael F. McCullen, who had received one of the letters sent to all the persons of that surname living in Philadelphia. He claimed to be a nephew of said Thomas McCullen, and in answer to requests for proofs, stated that the given names of the parents of his uncle were Patrick and Mary; he also forwarded for inspection a prayer book presented by his uncle, some twenty-five years before, to a sister of his (now deceased), and also a photograph of his uncle Thomas. On the fly leaf of the prayer book was a presentation address and the signature of the uncle.

During Mr. Liddle's first interview with Mr. Woodward, he stated he knew his friend McCullen had an account in the Bowery Savings Bank. He identified the photograph as being a good picture of his friend McCullen. This was enlarged from a tintype by Mr. Liddle's orders, so that each relative might have a copy.

The Bowery Savings Bank, being satisfied from the evi-

dence submitted by Mr. Liddle that he had found the relatives, informed them of the deposit in that bank, and left the matter in their hands to wrestle with.

About a month later, the Seamens Bank for Savings, in making search for Thomas McCullen, a depositor on account No. 147,794, got in touch with a man who had been interviewed by Mr. Liddle some years previously in regard to the depositor in the Bowery Bank, and as a result he was asked to call at the Seamens Bank and see if there was any connection between the two McCullens. Upon comparing notes it was found that account No. 147,794 in the Seamens Bank was opened January 20, 1874, by Thomas McCullen, residence No. 69 Madison Street, New York City; occupation, silversmith; parents' names, Patrick and Mary; brothers, Michael and Peter; sisters, Bridget and Alice; born in 1829, in Louth, Ireland.

In Mr. Liddle's correspondence with Michael F. McCullen, of Philadelphia, he wrote that when his uncle Thomas last visited them, more than twenty-five years before, they were living at 769 South Sixth Street, Philadelphia, and Mr. Liddle was shown at the Seamens Bank an old letter they had received from their depositor, Thomas McCullen, containing a request that the bank forward to him a certain sum of money, and asking that it be sent to 769 South Sixth Street, Philadelphia, which was done.

In March or April, 1900, while transacting some business at the Dime Savings Bank of Williamsburgh, Brooklyn, Mr. Geckler, the secretary, called Mr. Liddle's attention to a list of names of depositors in failed Savings Banks, published some eight or ten years before. In this list was the name of Thomas McCullen. Mr. Liddle at once wrote the Banking Department at Albany, regarding all the names he recognized as those of owners of dormant accounts in the Bowery Bank. On April 4, 1900, Mr. Liddle received a letter from the Banking Department, extracts from which follow:

2d Paragraph. "I have looked the matter up and am satisfied the names you give are genuine, and therefore do not hesitate to give you

the amounts due each depositor, as shown by the books of this Department."

6th Paragraph. "Thomas McCullen, Bond Street Savings Bank, No. 25097, amount due, $1,075.44."

On April 11, 1900, Mr. Liddle sent to the Banking Department a tracing of the signature of Thomas McCullen, and on the 14th of the same month received a reply to the effect that a careful examination of the signature of Thomas McCullen, shown on the signature book of the failed bank had been made, and that it agreed with the tracing received from Mr. Liddle in all particulars, except that the "M" in McCullen was written like this:

instead of like

The information given by him to the bank at the time of making his first deposit was as follows:

Date of deposit, October, 1874.
Residence, No. 198 Grand Street.
Age, forty-five.
Born in Ireland.

Application for letters of administration was made to the surrogate of New York County by Michael F. McCullen, of Philadelphia, Pennsylvania, early in 1901, and the matter was referred to Judge William N. Cohen, formerly a Justice of the Supreme Court of New York, to inquire into the relationship of the petitioner to Thomas McCullen. All the evidence herein set forth was marshaled at the various hearings held before Judge Cohen, and his report to the surrogate was such that letters of administration were issued, and so far as the Bowery and the Seamens Banks were concerned the accounts belonging to Thomas McCullen were declared collectible by the administrator of the estate of Thomas McCullen.

The amounts found in each of the three banks were as follows:

Bowery Savings Bank, ac't 402,736, am't.....$3,236.84
Seamens Savings Bank, ac't 147,794, am't..... 1,385.07
The failed Bond Street Sav. Bk., ac't 25,097, am't..... 1,075.44

$5,697.35

STORY OF THE ACCOUNT OF ELLEN A——

Account No. 383,435.
Name, Ellen A——.
Address, —— Baxter Street, New York City.
Occupation, Day's work.
Parents' names, Pat and Catherine.
Condition, Single woman.
Amount, October 29, 1902, $4,942.50.
Last transaction, in April, 1886.

Mr. Liddle says of this account: "In working on my ledgers, my attention was frequently attracted to this account, first, because it was the largest account in the bank; second, because of the fact that no transaction had been made on it since 1886; and third, because it seemed strange to me that a person in her condition in life should be able to go so many years without needing some money to tide over a possible hard time.

"As the account would become dormant in a few years, I thought it wise to take steps to find out, if possible, what had become of her, in order that the account might not become dead.

"In conversation with one of the older clerks with reference to the account, he stated that the name of Ellen A—— was very familiar, and if he was not mistaken, a woman of that name was a regular visitor at the bank each interest period; and if I would wait a few days she would probably be in, as she had a number of accounts in the bank.

"When she appeared, I was called and had an interview with her, during which I suggested that she bring all her bank books on our bank, so that they could be written up and balanced. I impressed upon her to be sure to bring them all.

"In compliance with my request, a few days later she appeared with three bank books, showing aggregate

amounts of more than $8,000; these books enabled me to trace back to the origin of the accounts, the result of which proved conclusively her ownership of account No. 383,435.

"It appeared that she had been in the habit of leaving all her books in the bank; that at the time of the death of her husband, she had so much domestic trouble that for a period of six or seven years she did not go to the bank; that when she did call to get her books, she felt that one was missing, but was not sure, and believing the bank people were honest, she let it go at that. Her faith in the bank was not misplaced, for we had the satisfaction of placing in her hands a duplicate book for the amount of $4,942.50.

"The aggregate of the four accounts was more than $13,000; two of the accounts were in trust for a deceased sister; one was in her own maiden name and one in her married name. This was a clear violation of law, and we suggested to her the advisability of withdrawing the money and placing it in other banks, but it appeared that she had an account in every bank we mentioned. Finally we persuaded her to close all the accounts she had and open trust accounts for her nephews and nieces, and in that way make a partial distribution of her money. She being old and illiterate, we did not desire to turn her out into the street with a small fortune on her person. She left $12,000 in our bank. She is still hale and hearty, and continues to go out to day's work, lives by herself in a rear tenement, and even now, from her daily wage she deposits her savings from time to time in the various Savings Banks. In talking with her, I could not help noticing how healthy she looked; she had very few wrinkles in her face, and she was plump and of fine color. Few women whose lines have been laid in pleasanter places reach the age of this little apple woman and show so few signs of her years as she does."

"Dated, February 26, 1903."

(Since the above story was written, Ellen A—— has died and her estate is in process of settlement. This little

old woman, denying herself needed comforts, left Savings Bank accounts amounting to about $35,000, which amount is to be divided among her four nieces and nephews. Neither her relatives nor neighbors had any idea that Ellen possessed any property at all, believing she depended upon her daily labor for the necessities of life. One pleasant thought in connection with this woman's estate is that it will go into the hands of relatives who are thrifty and will know how to take care of it, and get more comfort out of it than did the one who amassed it, but could not take it "across the river.")

THE COLWELL CASE

Account No. 330,327.
Name, Edward Colwell.
Residence (February, 1870), Madison, New Jersey.
Occupation, Laborer.
Amount of Account, $4,522.24.
Last transaction, February, 1885.
Passbook in the custody of the bank.
Signature, a cross-mark.

Mr. Liddle thus describes his action in this case:

"I felt that there must be some good reason why a laboring man should apparently have forgotten so handsome a bank account, and was convinced that the depositor was dead.

"I paid a visit to Morristown, New Jersey, the county seat, and examined the surrogate's records, without result. I then visited Madison, intending to hunt up old residents and quiz them. In wandering about the village, I noticed on the window of one of the public buildings the sign, 'Vital Statistics.' Of course I dropped in and got in conversation with the registrar. When asked if his records showed the death of a man named Edward C——, he replied: 'Why, yes; he died some six or seven years ago. He was a queer old fellow—never went to church—and yet when his will was probated it was found that he had left money to two of the churches in the town and also a present to each pallbearer whom he named to act as such. He

left quite a large estate, consisting principally of mortgages on property in New York City.'

"While the registrar was speaking, he got down his record and found the record of the death of the man by the name of Edward Caldwell, and proceeded to give a transcript of the same. The record read:

Edward Caldwell.
80 years old.
Died September 8, 1892.
Dr. J. H. O'Reilly, Med. Attendant.

"I was much disappointed, as I could see no connection between the two parties, but a little later it struck me that possibly there might have been some mistake in the spelling of the name, and I decided to look into this phase of the matter.

"Remembering that a part of the estate of Caldwell consisted of mortgages in New York, I knew that ancillary papers would be necessary, and making a search in the office of the surrogate of New York I found Edward Caldwell's will and that it was signed with a cross-mark. I felt that this similarity in signature warranted further investigation, so I wrote to the State Board of Health of New Jersey and got a transcript of the death of Edward Caldwell. The parents' names agreed so closely with those of our depositor that I took another trip to Morristown to see what the estate consisted of, in the hope that he had had other bank accounts. I found that besides two accounts in New Jersey Savings Banks, his estate included accounts in the Seamens Bank for Savings, the Emigrant Industrial Savings Bank and the Bank for Savings, all of New York.

"These accounts, I learned, were all collected by the executor of the estate of Edward Caldwell, on ancillary papers.

"The Emigrant Industrial paid out		$2,976.46
"The Bank for Savings " "		1,411.43
"The Seamen's " "		1,792.86
"The Bowery Savings Bank had on Sept. 1892	$3,412.24	
Accumulated interest	1,110.00	4,522.24

"When Mr. Burroughs, the surviving executor, was located, and notified of this nest egg belonging to the Edward Caldwell or Colwell estate, he was amazed. The bank, later, paid this sum to the executor, on presentation of proper proofs."

CASES FROM THE UNION SQUARE SAVINGS BANK

For many years the Union Square Savings Bank, New York, Wm. H. Rockwood, president, has made a special study of this class of accounts, and its officers have put forth systematic efforts with a view of minimizing them. A few actual examples (omitting real names), cannot fail to prove of interest:

Book No. —. *John F. T. G*——. A farmer at William Street, New York. Account opened May 17, 1851, by a deposit of $350, this being the only transaction ever made on the passbook. In 1903, through an inquiry letter to a Mrs. ——, in Harlem, it was found that letters of administration were then in process of being granted to the grandnephew of the depositor, the latter having died unmarried in 1852. These letters were applied for in order to secure possession of an account made by the depositor in the Bank for Savings, New York, a balance of about $3,000. The balance in the Union Square Savings Bank was paid to the administrator upon his filing with it a bond of indemnity from the National Surety Company, of New York, and a certified copy of the —— family history. The balance, paid May 14, 1903, was $2,363.42, interest on the account having ceased January 1, 1889, by order of the board of trustees. Had the amount still continued interest-bearing, it would have been $3,812.81. The administrator was a poor man engaged on one of the Brooklyn car lines.

Book No. —. *Robert L. McL.*——. A seaman, in 1852, withdrew all but $9.87 of his account. This amount comprised various interest credits evidently not entered at the time, so that the depositor probably supposed he was

closing the account. In 1903, an inquiry letter addressed to the postmaster at his birthplace in Maine, brought the information that one of his relatives resided in Milwaukee. This relative found the direct heirs, some living in Kansas and others in Illinois, and the amount—$126.97—was paid to its rightful owners.

Dormant account No. —. In 1853, this account was opened by a medical student of Brooklyn, as —— Jones, no Christian name having been taken. In 1855, the last of the principal was withdrawn and the passbook taken away by the depositor, no interest having been entered thereon, although over $19 was then to his credit. In 1905, the book was presented by the nephew of the widow, who was old and somewhat indigent, in the hope that there might be a little balance remaining. The amount paid was $204.90, interest having been discontinued in 1903.

Passbook No. —. William R——. Opened in 1860 by a grocer at No. — Ninth Avenue, New York, in trust for his son Walter. A balance of $15.50 was left in 1863 and the passbook last presented for interest in 1880, the interest being discontinued in 1905. Many inquiries were made by the bank, and in 1910, the secretary, after tracing the depositor through the directories to 1871, called upon ——, a lawyer in Nassau Street, who informed him that, although not of the same family, he thought a daughter of Mr. ——, who was dead, had been married in Yonkers many years before, but he was unable to recall the married name. Upon making inquiries in Yonkers, this daughter was found and the bank put in communication with the truster, then residing in the Bahamas, the balance then being $119.41.

Passbook No. —. Sarah G——. This account was opened in March, 1859, and in January, 1861, the book was left in the bank by the depositor, who probably thought she had then closed the account. The January interest, $5.46, was afterward added and compounded until 1905, when the interest was discontinued, the balance being then

$42. After much searching, the executor of her estate was found in Brooklyn. He was a very old man, a nephew of the depositor, and as he had settled the estate many years before it was only after much persuasion that he was induced to withdraw the balance by donating the same to the Bowery Mission.

Account No. —. J. F——, Jr. A Scotch clerk who, in January, 1862, left his passbook at the bank with a balance of $77.82. All efforts to find him failed until in the autumn of 1903 the institution was cited to produce in court a transcript of another account. Noticing that one of the attorneys was named F—— (the same as the depositor in question), the bank officers asked him for information. Later, this attorney appeared at the bank and proved that he was the nephew of the depositor, who was then living in Scotland, whence he had removed at the outbreak of the Civil War. In June, 1904, the depositor received the balance,—$601.06—which was about eight times the amount left in the bank forty-two years before.

Passbook No. —. John H——. A tailor living in Williamsburgh and doing business at No. — Nassau Street, New York. Born in England about 1798. Account opened in 1862, and last transaction a draft in 1865, leaving a balance of $5.66, interest being stopped January 1, 1903. In 1910, an exhaustive search was made in the city directories, with the result of finding that John H—— died in 1867, that he had a widow, Joanna, whose name appeared with different addresses until 1885; that there was a Spencer C. in the family whose name, however, disappeared in 1882, although the widow of the latter is designated in the 1885 directory. Many inquiries having been made in New York City and vicinity without avail, twenty circular letters were sent to H—— telephone subscribers in Brooklyn, and one of these was handed to another son of the depositor, with the result that the amount—$32—was paid to the three surviving children, May 2, 1910.

Passbook No. —. Joseph P. K——. Opened by depositor in 1868; occupation given as a clerk—in reality, a

crook. He kept a pretty large balance, amounting at one time to over $7,000. In 1872 he withdrew all but $5.64, leaving his passbook at the bank, where it remained unclaimed until May, 1903, all searches for the depositor's whereabouts proving futile. In May, 1903, the newspapers published an account of the recapture of some convicts who had broken out of the Ludlow Street Jail, New York, during Mayor Strong's administration, and among them was the above named depositor. A letter of inquiry ensued and upon receipt of the proper proof the amount—$19.09—was paid.

The Philolexian Society of Columbia College, on May 3, 1900, learned that it was richer by $110 than it had reason to believe. The president received word from the Union Square Savings Bank that there was a deposit of that amount in that bank which had not been increased or diminished for the period of ten years, and which was drawing interest steadily. Upon investigation, it was found that the money had been deposited in 1890 by Henry A. Gildersleeve, Jr., a son of Justice Gildersleeve of the Supreme Court, and who was the treasurer of the society at that time. Shortly after his graduation from Columbia College, in June, 1890, Gildersleeve died, and the money in the bank was forgotten. The proposition was made to use the money for the erection of a tablet to the memory of Mr. Gildersleeve.

The following is the actual history of an account opened with the Union Square (New York) Savings Bank, on the day it began business, July 1, 1848, and closed April 20, 1910:

Total Amount of deposits	$531.09
Interest to July, 1854	30.01
	561.10
Drafts to November 23, 1854 (inclusive)	420.00
Balance Nov. 23, 1854, which remained undisturbed until April 20, 1910	141.10
Interest on same to that date	1,935.26
Amount paid April 20, 1910	$2,077.36

Rate of dividends: 1848–1861, 5 per cent.; 1862–1880, 5 per cent.; 1881–1884, 4 per cent.; 1885, 3½ per cent.; 1886, 4 per cent.; 1887–1892, 3½ per cent.; 1893–1896, 4 per cent.; 1897–1906, 3½ per cent.; 1907–1909, 4 per cent. Some of these were at mixed rates; between 1867 and 1875, there were also six extra semi-annual dividends of 3 per cent. each.

A STRANGE CASE OF MISTAKEN IDENTITY

Many years ago, a prominent merchant in Albany, New York, opened a large account in a Savings Bank in that city for his sister-in-law, who at the time was an inmate of an insane asylum, located in a different part of the State. Inasmuch as the beneficiary was not at the bank at the time the account was opened, no signature was taken, and owing to the prominence of the merchant referred to, no memorandum was made on the signature book of the bank. The merchant himself retained the bankbook.

The account ran on with no transactions, becoming in time dormant. The book had been presented and the interest credited, but the books of the bank were not checked to show this fact; this was known to the teller who, in due course of time, left the employ of the bank.

Later in the same year, another woman of precisely the same name as that of the asylum inmate opened a small account in the bank and signed her name in the signature book in the space belonging to the account of the insane woman. The reason the mistake occurred, as subsequently shown, was that the second woman did not happen to be in the bank at the time the account was opened, but left her signature on some later occasion, at which time the clerk, turning to the index, found the earlier account of the insane woman first; so that, when new bank officials, unfamiliar with these details, began to follow out the dormant accounts in the bank, they naturally turned to the signature book and notified the wrong woman.

When the latter appeared at the bank, she was unable

to produce the bank book, but seeing her name opposite this account in the signature book and remembering that at one time she had a small account with this bank, since closed, she began to imagine that this large amount of money really belonged to her, and gave many plausible reasons why she so believed. The bank, relying upon its signature book, regarded the identification as sufficiently complete and paid over the money to her, at the same time taking the precaution to obtain a surety company bond for the lost bank book.

Some two years later, the merchant referred to, who had been so dilatory all these years, presented the original bank book to the bank with the statement that his insane sister-in-law had died, and demanded the money. The bank's officers, upon the advice of their attorneys, decided that the claim must be honored, and paid over the amount called for by the passbook, notwithstanding the fact that the account had been closed two years before and the money paid to the woman whose name was signed in the signature book opposite the account.

The attorneys for the bank proceeded to notify the latter. It then appeared that she had invested the proceeds of the account in real estate in Wichita, Kansas. Upon her refusal to pay back the money, the bank began suit against her. The surety bond protected the bank only against the loss of the bank book, not against any payment by the bank to the wrong party.

In due time the case was tried in a Federal Court, before a jury, with the result that the bank obtained a complete verdict in its favor, including all costs of action.

This case shows how much trouble can be caused by such a slight mistake as a misplaced signature, combined with the unusual circumstance of two women of precisely the same name opening accounts in the same bank on the same page of the signature book.

It may be added that at that time banks were not nearly so careful as they are now in taking signatures and checking their ledgers when interest is credited. Many banks

use cards in place of the book, taking also a great deal of additional information to establish complete identification of its customers, so that the bank can be protected in cases of illness, insanity or death.

CASES FROM THE EMIGRANT INDUSTRIAL, NEW YORK

Nelson H. Tunnicliff, of the Emigrant Industrial Savings Bank, New York, makes report of these among other interesting cases:

Account No. 91607. William Overton: Bank record showed he was an engraver, born 1808 at Birmingham, England. I advertised in Birmingham papers; also wrote all Overtons appearing in directories there and also in the various large cities through the United States. Received replies from relatives at Birmingham who produced a record of his baptism, which occurred at the Episcopal Cathedral, at Birmingham. While in England I visited Birmingham, interviewed the relatives and also went through the records of the Cathedral, which showed that the family had been members of the said church for many generations, and proved the genealogy of the family.

They knew nothing as to what had become of William Overton, after he emigrated to New York. The last transaction at the bank was in 1874. Accordingly, death records of New York and Brooklyn were examined subsequent to that date, but without result.

While in Washington, a search was made at the Congressional Library among the various directories filed there for the years 1875 to 1880, believing that William Overton possibly might have removed from New York City, and if so, in this way, he could be traced. All of this was without result.

Advertised in the New York papers, including the *Jeweler's Weekly,* wrote all firms in the engraving business in New York City, had a news item inserted in the *Jeweler's Weekly,* personally interviewed a number of old engravers in New York. All of these efforts were unsuccessful, and

it was thought probable that the depositor might have died as an "unknown."

The money was finally paid over to an administrator, the Surrogate's Court having decreed the depositor dead. At that time, if alive, he would have been over 107 years old.

Account No. 24332. Grace McCutcheon: The record at the bank showed the depositor was unmarried, and that in 1860 when the account was opened she resided in Paterson, New Jersey. The last transaction at the bank was in 1885. In this case, after a long personal investigation at Paterson, examination of census records, to show with whom she resided at Paterson, New Jersey, in 1860, it was found that she was boarding there with relatives. These relatives were finally located in Pawtucket, Rhode Island. A personal visit was made to them, and it was found that the depositor was still alive and residing with them. She was questioned and stated that she had an account in the bank and had possession of the book.

Account No. 122063. John Darcy or Darcey: Bank record shows account opened July 30, 1879, residence Paige's Hotel, occupation teacher, arrived 1853, born Tipperary, wife Rosanna Nugent.

Examined directories of New York and Brooklyn for a John Darcy, teacher, but found none. Addressed letters to the Boards of Education of New York and various other States, also to various colleges and institutions throughout the East and in Canada. Advertised in New York papers, in various Catholic and Irish papers throughout the country. Found that Paige's Hotel was out of existence, traced the owners and found that the registers of 1879 had been destroyed. Wrote all the Darcys and Darceys in New York and Brooklyn without result.

It was believed, as he was living at an hotel, that he might have been here on a visit, and therefore a search was made of the various directories throughout the country at the Congressional Library, Washington, District of Columbia, but without result. Wrote all the Nugents (which

was his wife's maiden name) in New York and Brooklyn, also to the various teachers' agencies.

Wrote the Superintendent of Banking, Albany, asking if there was any other account in the name of this depositor and found that there was one in the South Brooklyn Savings Bank in which he stated his father's name was Michael. We then sent the matter to my investigator and genealogist at Dublin, who has been in my employ continually for the past five years, and instructed him to search the census records of County Tipperary for mention of John Darcey, born 1820, father's name Michael. He located such a record which showed John Darcy, teacher, son of Michael, and investigated at the town in which he appeared, and located nephews and nieces of the depositor, and they stated nothing had been heard of him for a great many years, and that they had never heard of his marriage or death.

An examination had been made of the marriage records of New York and Brooklyn, also in the Provinces of Quebec and Ontario and in New England, but without result.

A search was then made of the marriage records of Ireland and England and a record of his marriage was found as having occurred at the Cathedral in Dublin, in 1866. Finally, one of the witnesses to his marriage was found and from him was obtained information which led to the location of the widow of the depositor, it appearing that her husband had died in 1881 under the name of John Brown at Cork, Ireland, leaving a will and in this will he mentioned having an account in the South Brooklyn Savings Bank, stating the number, and that he was known under the name of John Bourke. This account, it was afterwards learned, had been closed out prior to the opening of the active account. The widow was in destitute circumstances and she was appointed administratrix with the will annexed at Dublin, Ireland, and both accounts were finally paid over to her.

Account No. 73631. Isabella Kilday: The informa-

tion received in this case was that the depositor was Isabella Kilday, residence Jackson Street, Williamsburg, in 1869, born 1814, County Monaghan, married.

An examination of the census record of 1870, in the ward in which Jackson Street was located, was made, but no Isabella Kilday was found, but an Isabella McLoughlin, widow, was found. Some of the names appearing in the same page of the census were taken off and directories of 1870 examined and I found that some of these persons living in the same house with her appeared as living on Jackson Street. Several of these persons were interviewed and remembered the depositor very well; stated she lived alone but they did not know what had become of her. Advertisements were inserted in various papers, both local and weekly. Finally located a niece, whose passage to this country the depositor had paid; and that upon her arrival she went to her house on Jackson Street. She stated her aunt owned this house. An examination was made of the Registry of Deeds and it was found that in 1869 James McLoughlin and his wife Isabella conveyed the said house.

This niece further stated that she left her aunt and went out to service; had visited her a number of times but on one of her visits she found that she had removed, but was never able to ascertain what had become of her. Search was made at the Bureau of Vital Statistics, Brooklyn, but no record of her death could be found. It appears, however, that Brooklyn, many years ago, was divided up into small villages or towns and some of their death records are missing. The niece gave the place of birth in Ireland of her aunt and the matter was sent to my investigator at Dublin, and he went to the birthplace, and through his investigations found that Isabella Kilday had eight brothers and sisters, and most of them left descendants, some of them residing in New York and Brooklyn. The relatives were scattered all over the world, including Australia, Seattle, Ireland, England, Rhode Island and Massachusetts.

Letters of administration were granted to the niece and a distribution was made to about fifty of the next of kin of the depositor.

George Roman and Annette Simpson, joint account: The bank record showed that they were colored, brother and sister, born New York City, and gave no parents' names.

An examination was made of the directories of New York City, but no George Roman, or Annette Simpson was found. A George Roman, colored, was found and was traced up to 1880. An examination of the death records was made, and a George Roman, colored, was found, who died at the Colored Home, New York City; it appeared that he left a bank account in another Savings Bank, and his estate was administered upon by the Public Administrator, and there appeared a James Blake, colored, who filed a claim as a creditor and absorbed the estate. At that time there were supposedly no living relatives of George Roman.

An examination was made of the census of 1860 in the ward in which George Roman lived and it was found that he appeared as living with the family of James and Annette Blake. It showed an Annette Blake, colored, born New York City, and James Blake, colored, born at Hudson, New York.

A personal investigation was made at Hudson, and a Mrs. Robinson was located. She was a colored woman, and stated that she was well acquainted with George Roman and that Annette Blake was his sister, and that she had lived in New York City in the same house with them. She further stated that Annette Blake had a daughter Charline, who, a few years after the war, had married a man named Jackson, and had one daughter named Grace, but she did not know where Grace was. She said that Charline had married against the wishes of the parents, and was only 16 years of age at the time, and that they had ceased to have anything to do with her. Mrs. Rob-

inson removed from New York City, before the death of George Roman, back to Hudson. She thought that Grace was living somewhere in New Haven. A search was made there through the intelligence offices, and one was finally found which had a record of Grace; inquiry at the place where they had sent her showed that she had been there but had removed to Newark, New Jersey. Through the same methods Grace was located.

Mrs. Robinson knew nothing, however, of anybody named Simpson. She did say that Annette Blake, *née* Roman, had been married twice; her first marriage was to George Munson and this was verified.

The bank was not satisfied with the proof that Annette Blake was identical with Annette Simpson. An investigation was made among the different Savings Banks in the localities in which she had lived, and an account was found in the Excelsior Savings Bank in the name of Annette Blake, and the pedigree there given by the depositor and the pedigree given at the Emigrant Industrial Savings Bank agreed and proved the identity of Annette Blake and Annette Simpson, *née* Roman.

This investigation covered a period of about ten years. The expense involved amounted to several hundred dollars, and entailed an immense amount of work.

THE CASE OF MARY AND HELEN MURRAY

One of the most interesting and difficult cases handled in any of the metropolitan banks in many years is outlined herewith. In 1873, Mary and Helen Murray (mother and daughter), 114 North Third Street, opened accounts, one of which, Mary and Helen Murray, on January 1, 1909, contained a balance of $4,872, and the other, Helen Murray, contained a balance of $2,214 on the same date. On the above date the bank ledger showed no transactions in either account for nineteen years and six months. An investigation was started, and as the amount involved was considerable, it was considered best to conduct the search as quietly as possible.

The bank's representatives ascertained that Mary Murray had been dead about fourteen years. Concerning the daughter Helen, little could be learned except that she was very peculiar and had little or nothing to do with her neighbors. One of the latter had heard a rumor some ten years before that Helen had gone insane, but that was all she knew about it.

An examination of the lunacy commitment records in the Hall of Records showed that two Helen Murrays had been committed from the county between 1885 and 1909. A visit to the State Hospital for the Insane in New York County showed that instead of two Helen Murrays, there had been three committed during the period, two from New York and one from an adjoining county. The records of these inmates are kept on cards and the cards contain the name, age, residence from which they were taken and the names of children or friends. The clerk in charge informed the bank's representative that two of the inmates were at Kings Park and one confined at the Hospital. Numbers 1 and 2 proved to be false clews. Card No. 3 contained the information that Helen Murray resided on Leonard Street, near Frost Street, and gave the name of Mrs. Bailey (apparently some friend). No. 3 was visited in person at the hospital. She was found to be quite rational, engaging in a pleasant discussion, mentioning her brothers, sisters and friends, and what was still more important, giving the bank man the number of the bank book in the —— Savings Bank, which proved to be identical with the report taken from the Hall of Records.

When the bank's representative had decided that she was not the party he desired to locate, he informed the doctor in charge that by his own records this lady was supposed to be in Kings Park, and after some discussion proved to him by the records in his possession that the wrong commitment papers had been forwarded with the last patient transferred. Having discovered this error, he concluded there might be others, and obtained access to the original entries when these Murrays were committed. From these

he found the name Maud Bailey, No. 114 Leonard Street, where he located the son of the latter. He was unaware that there were any funds. His mother had told him she paid the funeral expenses of Helen Murray's mother and had paid five years' storage on the Murray family furniture, hoping Helen would get well and be able to start housekeeping again; but the doctors in charge decided she never would recover her reason and had taken the furniture and given it away. The son of Maud Bailey further stated that for the past five years he had regularly visited Helen Muray and had used much of his own small means to buy her a few comforts in her old age. By direction of the bank's counsel, he applied for letters on her estate as an incompetent, and the balance of the account was paid over to him.

A NICE EASTER EGG

Mary Parks opened an account with one of the largest banks in New York City, furnishing the following information on the bank's signature cards:

Born in Ireland. Residence No. — Union Avenue. Wife of Owen, contractor.

As the bank's ledger showed that Mary Parks had failed to transact any business for more than twenty years, a search was started to learn her whereabouts. The city directory of 1883 brought to light three Owen Parks, all contractors residing in different sections of the city, but failed to record any Parks family as ever having lived at the address furnished by the depositor. Circular letters were without result. It was then determined to make inquiries in the old neighborhood of No. — Union Avenue. The bank's representative finally located a nephew of Owen Parks, from whom he learned that the latter had met with business reverses, had moved to Connecticut some twenty years before and had died ten years later. He did not remember the name of the town in Connecticut, but thought it began with "Red." The atlas revealed Redfield, Red-

ding, Reddingsburgh, Redding Junction and Redan. To the postmaster of each of these letters were sent, with the result that Mary Parks was located at Williamstown, residing with one Mrs. Henry Smith. It appeared that ten years before, Mrs. Park attended the funeral of her only son, who was killed in a railroad accident, and returning from the cemetery, saw her little home totally destroyed by fire. The shock of death and fire so affected her that she became helplessly paralyzed, and Mrs. Smith opened her home and took her in.

The bank mailed identification slips and draft to Mrs. Smith, with instructions for Mrs. Parks to sign her name, and on Good Friday the bank mailed her a check for $112.50—a nice Easter egg.

CASES FROM THE GERMAN SAVINGS BANK, NEW YORK

The German Savings Bank in the City of New York had an account, which had become dormant and which, by reason of interest credits, exceeded $1,000.

This account was opened by a man in trust for another man. The bank had no information beyond his residence in New York City. Inquiry from the owner of that house resulted in the information that the depositor was living, but that he had changed his name, which on the books was one of German origin, to a similar name indicative of English or American nationality.

An attorney who had procured the aforesaid information for the bank called upon the man and stated his errand. He had become quite wealthy in his business pursuits. He denied that his name had at any time been that of the depositor, or that he was the party to the account.

The attorney also ascertained that the depositor had enlisted during the Civil War in the Northern Army and that the records of the Adjutant General showed he was a deserter. This attorney also succeeded in getting a tracing of the signature given by this man at the time of his enlistment.

Equipped with this information, an officer of the bank

called upon the party in question at his place of business and was received by him in a very brusque manner. He again denied his identity with the bank's depositor, although admitting that he had served in the Northern Army during the Civil War and also admitting the similarity to his own of the tracing of the signature shown.

The officer of the bank thereupon sought the good offices of a gentleman who was a member of a commercial club, of which the party referred to was a member. This gentleman told the officer that a certain merchant knew this man intimately, having boarded with his father. The officer of the bank called upon this merchant and made inquiries, which elicited the fact that the depositor and the party supposed to be the depositor were identical, and that the depositor had changed his name to his present name. Thereupon the bank addressed a letter to the depositor setting forth the information in its possession and stating that, the facts being so clearly established, there would be no use of his further denying his identity.

The man called at the bank the following morning, admitted that he was the party who had opened the account, and stated that for family reasons he had changed his name. He signed an order for payment of the account to the estate of the man for whom the money had been deposited in trust and whose widow the bank had succeeded in locating in a city in the State of Connecticut.

During the Civil War a man opened an account in the German Savings Bank in the City of New York, stating that he had enlisted in the Army of the United States. The account became dormant and by reason of interest credits had a balance of several thousand dollars.

Inquiry to the officials of his native city in Germany resulted in the information that the depositor had deserted his wife and infant with the avowed purpose of going to the United States, and that he had never been heard of again; that the wife, with her infant, joined friends who emigrated to the United States, their intention being to locate in the city of Louisville, Kentucky. The bank

traced these parties and received information that the wife of the depositor was residing in a city in the northern part of the State of New York and that, upon the supposition that her husband was no longer living, she had remarried.

The bank had ascertained through the good offices of the War Department that the depositor had fallen in battle. This information was imparted to the depositor's wife and shortly thereafter the account was closed by payment to the administrator.

A STRANGE CASE FROM ROCHESTER

February 17, 1886, J. M—— opened an account with a deposit of $600, giving his address F—— Street (one of the lowest places in the city), born in Ireland, no trade, age 29, could not read or write.

Deposits were made from time to time for the next six years on this account until the total amount deposited reached $2,600, exclusive of interest.

December 1, 1893, the interest brought the account up to $3,096.95, and a note was sent stating that the interest would be paid on $3,000 only. This notice was returned and thereafter the interest was figured on $3,000 until June 1, 1906, when the account became dormant.

The account then amounted to $4,676.95.

In June, 1907, a man called at the bank, stating his name to be J. M——, that he had a deposit in the bank, and had lost his passbook. He was told that he could have his money when the bank was satisfied that he was the person entitled to it.

He made affidavit that he lived in Rochester in 1886 and worked as a laborer for the street railroad company. Later he had worked in the southern part of the State on the construction of a railroad and later as a laborer in the coal mines in Pennsylvania; that he had never received more than $1.50 per day, and had worked very little in winter.

After considerable investigation the bank was convinced

that he was the right person and paid him $4,781.95. He redeposited $2,500 in this bank, $2,000 in another bank, and left his bank books with an attorney in this city. The attorney still has the books but has not seen J. M—— since that time, although he has written him several times and believes that he is still residing in the city. His total deposits in the two banks exceed $6,000.

CHAPTER XXI

THE SAVINGS BANK OF TO-MORROW

Marvelous Things Accomplished in the Century of Mutual Savings Banks—Constant Vigilance Necessary on the Part of Officers—Merely Honorary Positions Out of Date—Importance of the Trustee—Progressive Banking—The Ethics of Advertising—"Co-operative Competition"—What of the Future?—Benefits of Financial Education.

THE law of life is the law of constant mutation. Laws, customs, manners, institutions, methods change. The world of yesterday is not the world of to-day.

In business and finance the great law of evolution is operating as steadily and as surely as it is in the material world all about us. The same is true of all human institutions—they either advance or retrograde—they never stand still. This truth applies with special force to banking institutions. They are in close and constant touch with the business and financial world. Inevitably, they fall into the class of old-fashioned and reactionary, or progressive and wideawake.

That the Mutual Savings Bank, in the century of its existence, has accomplished marvelous things has been shown in preceding chapters. It has given a hundred years of splendid service to mankind; but if its future is to be as great as its past, it must be prepared to operate under entirely new conditions. The present may be a most opportune time to inquire what those conditions will be.

While for almost three quarters of a century the Mutual Savings Bank stood practically alone in the field, it is a matter of common knowledge that the last quarter has brought a great change. To use the language of Pierre Jay, chairman of the Federal Reserve Bank of New York, one of the most far-seeing of modern bankers:

There has been a practical cessation of the spread of the Mutual Savings Bank idea. No new States—hardly any new places—are establishing them. National and state banks and trust companies all over the country are entering the savings field which formerly the mutual banks held alone. Under competitive conditions the business naturally goes to the bank which goes for it, and savings deposits are increasing much faster in the aggressive capitalized banks than in the passive mutual banks.

During the last quarter-century the idea of systematic saving has been developed by the building and loan associations. In the last ten years their resources have more than doubled, and are now about one-third those of the mutual banks. In another quarter of a century, at the present relative rate of growth, they will overtake the Mutual Savings Banks. The systematic savings idea is also finding expression in the capitalized banks through the "Christmas Clubs" they have recently organized with such remarkable results.

Here, then, is a text to be studied earnestly and thoughtfully by every friend and well-wisher of the Mutual Savings Bank system. Wherein do these institutions that have performed such a beneficent mission in the past fail to measure up to their full present-day responsibilities, and what can properly be done to still further extend their field of legitimate usefulness?

CONSTANT VIGILANCE NECESSARY

It would seem that no one who is familiar with the general theory of the Savings Bank system can have much sympathy with the "sit-back-and-wait-till-it-comes-to-you" attitude which too many banks of the present day assume. Time was when the executive officers of mutual banks might pick out their securities, pay for them, put them in the impregnable vaults of their institutions and there let them rest until maturity, unseen, untouched, sacred. That sort of policy might have answered for the nineteenth century, but it will never do for the twentieth. As eternal vigilance is the price of liberty, so is it the price of well-invested funds. Indeed, it has come to such a pass one might say that responsible Savings Bank officers are compelled to measure up the situation as to investments almost every day in order to keep pace with what is going on.

"Safety of principal," is properly the slogan of all up-to-date bankers, and along with that they should be wide-awake, ever ready and willing to take advantage of what will surely prove to be profitable investments. That should eliminate the spirit of lethargy, for these are not times for drifting, as though upon the delightful and serene summer sea of finance. The methods of investment are ever large, and he who would keep pace with the times must be prepared to take advantage of opportunities as they present themselves from day to day.

This is by no means to say that there should be promiscuous trading on the part of Savings Bank officials, for no one will question the fact that such exchanges of securities may easily be carried to an undesirable point; but it would seem that the executive officers should be accorded more latitude than they now possess in such matters. As a rule, it will be found that the objection to such exchanges usually comes from the board as a whole, not from the officers or members of the board who are most closely in touch with financial affairs.

MERELY HONORARY POSITIONS OUT OF DATE

The progressive, wideawake Savings Bank official of to-day keeps his ear to the ground and senses prevailing conditions, adjusts himself and the institution under his control to those conditions, and acts quickly and decisively; in other words, he seeks to manage the institution just as if it were his own business,—of course, all within the limits of the wise laws governing it and him. The results of following such a policy are to be seen in the greatly improved condition of banks that, not so many years ago, were anything but strong; in the rapidity with which they have built up handsome surpluses, and the ease with which they pay the prevailing rate of interest. Of these there are many concrete examples. Those of the other class are constantly assuming a pessimistic tone and clamoring for a reduction of dividend rates. The reason can usually be summed up in two short words—lethargy and dryrot.

It is but expressing a well-known fact to say that more complicated and trying conditions exist to-day than ever before. The power to discriminate, to decide important questions as they come up and decide them right, is absolutely necessary. Not to mince words, all have noticed the tendency on the part of men who have been active in business, and who have come to occupy the most important positions in the Savings Bank, to continue in those positions despite the fact that through growing age, ill-health or infirmity they are no longer able to be as active as such positions demand. In other words, such a position too often seems to be regarded as emeritus, bestowed as one of distinction and honor, rather than an exceedingly important business duty. This may seem to some a harsh statement and a cruel policy, but it is the rule and law of life. To do otherwise is to fail in one's duty as a trustee, for Savings Bank officials are first of all trustees and guardians for unnumbered thousands who have put in their custody all they have in the world to keep the wolf from the door.

No man should be an officer or trustee merely because his father was one before him, but because he possesses the necessary qualifications. The idea of the son succeeding the father on purely sentimental reasons is one wholly unworthy of consideration.

Thorough organization is of the first importance. The head of a Savings Bank of to-day should possess not only experience, knowledge and executive ability of a high order, but he should be able to surround himself with a staff of competent officers who will not only give their very best in the service of the institution of which they are a part, but be capable of organizing and carrying on "team work," for it is that sort of work, above all other, which brings results. The treasurer, in a sense, is just as important as the president, for it is he who as a rule is most familiar with the bank's investments, as well as with the prevailing market conditions.

No one man in these days of subdivision and specializa-

tion can cope successfully with all the innumerable details of a modern Savings Bank. Work must be systematized and subdivided. There must be speedy promotion for the faithful and able. The executive officers should be liberally paid for their services, while being held to strict accountability; if the merely honorary positions were to be abolished, perhaps salaries might be raised all round without costing the banks any more than is now paid.

IMPORTANCE OF THE TRUSTEE

Many ordinarily well-informed persons have hazy or erroneous notions of the duties of the Mutual Savings Bank trustee. There is altogether too much of a disposition to regard the position as merely an honorary sinecure, with nothing in particular to do except attend monthly meetings, at which merely routine business is transacted and the compliments of the day passed. There are the "dummy" trustees, and every bank should pray fervently to be delivered from all such. They are not only a delusion and a snare, but a positive and potential danger. In that way disaster lies, as too many institutions have discovered when it was too late to apply the remedy.

It is undoubtedly true that the importance of the Savings Bank trustee in the banking world has been given too little thought and attention. With vast deposits running close to two billions of dollars in the aggregate, in New York State alone, and representing the savings of over three millions of thrifty people, the responsibility of the officers and trustees is apparent. The trustee's first and last thought must be for the safety and security of his institution. He must understand the law in all its provisions in order to work intelligently under it. There are constant changes going on in the real estate and bond markets, and the trustee must be ever vigilant and the officers alert and resourceful. Hence the necessity of choosing in all cases the right sort of men for trustees. The aim of the trustee should be to make himself useful rather than ornamental. He must realize, as never before, that under both national and state

laws, as well as in the minds of the public, the ultimate responsibility for the methods of management and the final results rests with the board of trustees or directors, by whatever name they may be called. A high sense of duty should be ever present. Trustees should also be possessed of plain, practical common sense and the courage to stand up against the clamor of unreasonable and improper demands, whether made by the ignorant, the unthinking or the dishonest.

THE SERVANT WORTHY OF HIS HIRE

More and more is the question of their responsibility coming to the front. They should be able and willing to take up real constructive work, instead of being merely passive or ornamental parts of an organization. We have outgrown the days of mere figurehead officials. Most banks would be far better off with smaller boards and more active ones.

It is also a serious question that is bound to come to the front before long, whether trustees should not be paid something for their services, if nothing more than a modest amount for attendance at regular meetings.[1] It would seem to be just as true of him as it is of the officers of these institutions, that "the servant is worthy of his hire." Pay a man for his services, and he will take a deeper interest in the work before him.[2]

It is also too obvious to need statement that modern methods of bookkeeping should be adopted by all banks. There is no excuse for being behind the times in technical, time-saving and safety-insuring details.

Ordinarily, boards of trustees of Savings Banks are made

[1] The trend of modern thought is indicated by the fact that in a recent address (October, 1916), before a religious body in Albany, Dr. A. R. Brubacher, president of the State College for Teachers strongly advocated the regular payment of bible class and Sunday school teachers.

[2] In New York State no fees are allowed trustees; in New Jersey they may receive fees for attendance at meetings, to be determined by the board; in Rhode Island they are allowed not over $3 per meeting; in New Hampshire they are permitted to receive reasonable pay for their services; in Indiana, when the surplus amounts to fifteen per cent. of the deposits, the trustees may receive not over $3 for attendance at meetings.

up of very high grade men, many of whom have achieved success in their own line in their local communities, but as a general rule, they have little or no technical banking experience, and too often they are not disposed to give sufficient latitude to the executive committee or officials to enable them to promptly take care of situations as they arise, the outcome of which may mean a very considerable advantage to the institution. It is also true that not a few executive officers are so sensitive to criticism that they will not take the initiative in many transactions where, in the ordinary commercial bank or trust company, the officials would not hesitate to ask authority to act.

On the other hand, many trustees, without taking any active part or interest in the details of their bank's management, at meetings content themselves with occupying the rôle of mere carping critics of their officials' acts, and often without sense or reason. Such trustees, instead of performing a useful service to their institutions, are really doing all they can to injure them by discouraging and disgusting those who must act upon their own best judgment. Such "grouches" have no place in boards of trustees, and the sooner they eliminate themselves, or are forced to do so, the better it will be for the institutions they encumber.

PROGRESSIVE BANKING

On the subject of advertising, a great deal has been said and written of late years, and views and opinions widely differ. Argue as we may, there is no doubt that the new spirit of enterprise is making converts in the banking field, so that soliciting business in a proper way is no longer considered beneath the dignity of sound financial institutions.

The day has gone by when the banker can afford to wrap himself in his mantle of dignity and wait for customers to come to him, instead of going out and meeting them, at least halfway. Advertising one's business does pay, whether it is done through the newspapers or through making the personal acquaintance of those men who have custom to bestow, and whether it is on behalf of a Savings

Bank or a breakfast food concern. Advertising is as essential to the growth of a Savings Bank in these days as it is to any other class of business, but the advertisements must be along educational lines.

"CO-OPERATIVE COMPETITION" DEFINED

It should also be governed by fairness and the Golden Rule. M. W. Harrison, secretary of the American Bankers Association, has well said: "Co-operative competition means the recognition of certain principles of doing business, in realizing that there is a reasonable living due each person in order for him to remain in business. To infer even in the most shadowy way instability in a competing bank incites suspicion on the part of the public and a consequent lack of confidence. It is therefore necessary in order to obtain the best results through newspaper advertising more particularly, for our banks to collectively advertise, to adopt a community plan of advertising, which would measurably overcome suspicion and promote the confidence of the public in our institutions, which is a part of a great banking system."

The most progressive of the New York Savings Banks and trust companies have found it profitable to keep themselves before the readers of financial papers, and their officers have not disdained going to the annual gatherings of those in their line of business even at distant points.

Certainly, there is nothing degrading in letting the public know of your existence and the advantages you can place at the disposal of customers, and the narrow prejudice which exists against him who embraces every legitimate opportunity that presents itself to advertise, is alien to the age in which we live.

At the same time it is not to be denied that some abuses have crept in. In his report for the year 1912, the Superintendent of Banks called attention to the unfortunate situation prevailing in connection with Savings Banks and said "competition" in these institutions had attained such proportions that they had almost outgrown the idea of their

originators. Advertising campaigns among Savings Banks had created conditions which had brought certain of the institutions to a position where they had been obliged to pay excessive dividends or lose so many deposits that they would be compelled to dispose of some of their best bonds and mortgages. Savings Bank officers sometimes forget that they are officials of beneficent institutions and solicit deposits and cater to a class of accounts that do not rightfully belong in Savings Banks, but should go to interest-paying institutions.

WHAT OF THE FUTURE?

Seriously and not without good reason, the question has been asked whether the Mutual Savings Bank system has reached its practical limit. Certain it is that these institutions are not increasing in anything like the rate of increase in population.

In the year 1890 there were 119 Savings Banks in this State; in 1910 there were 142, an increase of twenty-three in twenty years. In other words, while deposits were increasing 300 per cent., the number of banks increased only 20 per cent., and of these twenty-three new banks, all but seven were in Greater New York.

It is a significant fact that the number of Savings Banks in New York State is less to-day than it was six years ago.

Looking at these facts, one may well inquire what is to be the future of the present Savings Bank system of this State? Is it incapable of extension to the smaller communities generally? Is any system which fails to expand with an expanding country a complete success? Has the limit of extension been reached?

These questions are calculated to cause anxious thought on the part of all who have given the matter any serious consideration. They go to the root of the Mutual Savings Bank system.

No one will question the wisdom of the present law which requires that the expenses of a new bank be guaranteed by its organizers until such time as it shall be in a position

to allow interest on deposits and stand upon its own foundation; at the same time, it is always a decidedly uphill fight, and comparatively few men are to be found sufficiently unselfish and philanthropic to undertake it. It is undoubtedly true that in each case of the successful establishment of a Mutual Savings Bank in this State, under the present law, such success has been due to individual initiative and earnest personal work.

BRANCH BANKS

Probably it would be unwise and unsafe to let down the bars, so that relief must be sought elsewhere. The proposition made by Pierre Jay before the Savings Banks Association of the State of New York, in 1910, that the present law be amended by providing for the establishment of branch banks by existing ones, would seem to be worthy of serious consideration. In European countries they are very common and highly successful, though comparatively rare in this country. Massachusetts, in the year 1908, made such an amendment to its general law, and the results were most gratifying in the extension of the system to outlying communities, especially small manufacturing localities. In the case of the city of Lowell, in addition to opening branches in small villages nearby, a clerk was sent out on pay days (Thursdays) to receive deposits. The people responded with alacrity and made the experiment an instant success. Other States have had similar experience.

Still another and perhaps better method, strongly advocated by some of the most progressive New York bankers, is to permit state and national banks and trust companies to receive savings deposits, but require that they be kept separate from commercial deposits and invested in such loans and securities as are prescribed for Savings Banks. The question has been asked whether, if these institutions invest savings safely, there is any good reason why they should not be permitted to receive them. The restriction in the present law as to the use of the word "savings" does not seem to have prevented the competition it was designed to

prevent; hence it is argued that "the way to make competition fair and safe is to abandon the idea that you can stop it, and take up the idea of regulating it by putting your competitors on the same footing as yourselves in regard to the investment of savings deposits." By the terms of such a law, it would be impossible for the commercial banks and trust companies to make any more profit out of their savings deposits than the Savings Banks, and the competition in interest rates being checked, Savings Bank surpluses would again grow rapidly to the proportions in vogue before the rise of the trust companies.

But the question may be asked: "If capitalized banks are permitted to do a Savings Bank business, will there be any more Mutual Savings Banks organized?" If both forms are equally safe, the question is of no practical importance, for, to use the language of Mr. Jay: "The more properly constituted agencies there are for the encouragement of thrift, and the nearer they are brought to the doors of the people, the greater will be the volume of their savings."

GOOD RESULTS OF FINANCIAL EDUCATION

In closing, a few words with reference to the true function of the Savings Bank will not be out of place.

Since the One Hundredth Anniversary celebration, it is evident that a new spirit is abroad in the land. The value of thrift in its many-sided applications to life and labor is becoming more and more evident. Under the stimulus of a nation-wide movement, banks are abandoning their traditional attitude of mere passivity and are becoming active, effective stimulators of thrift among all classes of the people, thus fulfilling an educational function of the utmost importance. The twentieth century idea goes far beyond the provision of a safe place for the investment of money saved. To use again the appropriate language of Pierre Jay: "The idea is to make saving attractive, to make it as easy to spend money in saving as to spend money in other ways; to bring it constantly to the people's atten-

tion, and to make savers of the weak and irresolute as well as of those who are impelled to save by character or conscience. The people are responding to the treatment. The twentieth century idea is sweeping to the front the institutions which are imbued with and practice it."

Financial education is going through a period of development which involves perhaps greater changes than have ever occurred in any similar period in the past. This development is due to several factors, some external, some internal; but the most important is the pressure from within the banks themselves. Officers are more alert and enterprising. They realize more fully than ever before the obligations laid upon them. Due largely to deaths within the last few years, many young men with progressive tendencies have become Savings Bank presidents and treasurers. Young men are beginning to see more clearly than ever before that the key to advancement is simply service, and that it is farthest from the truth to say that there is no scope for individual success. Despite all our vastness and the intricacy of the apparatus we have devised for the transaction of business, whether it be that of a Savings Bank or of a merchant prince, the human factor—the individual personality in contact with other individuals—still holds the reins of power.

Wherever business is found on a large scale to-day, it is because the men at the helm are devoting all their energies to the effort to serve.

CHAPTER XXII

OUR ECONOMIC POSITION IN 1916

How the Wealth of the United States Has Increased During the Past Century—Nations Brought Closer Together—1915 and 1916 Years of Wonderful Prosperity—How the United States Is to Meet the Changes That Are Inevitable at the Close of the War—The Staggering Debts of the Principal European Nations—Wisdom of the Nation-wide Thrift Campaign.

FIGURES compiled by the eminent British statistician, Sir George Paish, and printed in the *Statist*, indicate that if the economic position of the older countries of Europe has improved in a remarkable manner during the past century, the progress of the new countries, including our own, has been still more noteworthy. These statistics show that the wealth of the United States increased in the past hundred years from about $1,750,000,000 to more than $150,000,000,000, or nearly 8,500 per cent., which is about double that of Great Britain and Germany. During the same period the income has risen from less than $500,000,000 to about $35,000,000,000 a year (6,500 per cent.), while the population has grown from 8,500,000 to 100,000,000, an expansion of over 1,125 per cent.

The days of national provincialism, if the term properly may be used, have forever passed; no individual nation can any longer live for itself alone; all are bound together in bonds of common brotherhood, so far as their economic life is concerned. Time was when this may not have been the fact, but it is impossible to go back to the old conditions. The world moves irresistibly forward. Great integrating forces, particularly the transatlantic cables, are too many, too powerful, and too valuable ever to be broken, permanently. Hence the prosperity of one nation is to a great extent bound up in the prosperity of all.

THE FULL TIDE OF PROSPERITY

In practically every department of trade and industry the years 1915–16 proved to be wonderfully prosperous ones for the United States. Wealth poured in upon us in a manner never before known in the world's history. As the only great nation not involved in the war, this was freely predicted. How much of this prosperity was due to the war needs of the various belligerents, particularly Great Britain and France, cannot be stated with exactness, but it must have been a most powerful factor, as shown by the statistics of exports.

While authentic statistics indicate that during the year 1915 the exports of the United States exceeded its imports by about one and three quarter billion dollars, that fact alone is not sufficient to show our economic condition. As a matter of fact, we have been paying off our indebtedness abroad, and this, of course brings us so much nearer being a creditor nation. Half a billion dollars of interest indicates a foreign investment here of about ten billions. Of this, very little is balanced by American investments abroad. Hence, if we paid off about a billion and a quarter in the year 1915, this would be about one-eighth of the mortgage which Europe holds on this country. It will thus be seen that we are very far from becoming a creditor nation, although measurably nearer to that desirable condition than we were before the war.

These facts prove why it is that a favorable trade balance does not necessarily mean national prosperity, nor an unfavorable trade balance, poverty; a vast amount of energy has to be expended to pay the mortgage which other nations hold on us.

At the time this was written (April, 1916), the financial prosperity and strength of the United States was greater than ever before in its history, and was still rising to new levels. On March 7, 1916, the date of the bank call, returns showed these conditions:

Total resources of national banks, $13,838,000,000; an increase of $2,271,000,000, or 20 per cent. within a year.

Total deposits, $10,790,000,000; an increase of $2,198,000,000, or nearly 25 per cent. within a year; and an increase of $411,000,000 since December 31 last.

An increase of $990,000,000 in loans and discounts within a year.

Surplus and undivided profits of $1,031,278,000; an increase of $18,000,000.

The increase in resources within the year alone was shown to exceed the resources of the Reichsbank of Germany. Aggregate resources of American national banks "exceeded by $3,000,000,000 the aggregate resources of the Bank of England, the Bank of France, the Bank of Russia, the Reichsbank of Germany, the Bank of Netherlands, the Swiss National Bank and the Bank of Japan."

The record of production of pig iron—generally regarded as one of the best indexes to the country's prosperity—was equally wonderful. While the first half of the year 1915 showed production of but twelve and a half million tons, the last half increased to seventeen and three-quarter millions—a high record in the country's history. In the matter of gross railroad receipts, the last half of 1915 exceeded those of the corresponding period of the year previous by nearly two hundred millions of dollars.

LEADING FEATURES OF THE YEAR 1915

The salient features of the year 1915 in matters bearing directly on the economic position of the United States were thus summarized by the *New York Times*, January 1, 1916:

I.—Enormous increase in exports which, combined with slightly increased imports, gave us a total trade of $5,350,000,000, exceeding the biggest previous year by 25 per cent., and yielding a credit balance of close to $1,750,000,000, two and a half times as great as any previous balance.

II.—Growth in banking facilities, under the operation of the Federal Reserve Bank system, and in consequence of a net inflow of $415,000,000 in gold, so great that, despite the rapid increase in loans, available credits are counted by billions.

III.—Growth of manufacturing, under the stimulus, first of foreign orders, and then of greatly increased home demand, to a level

which, in some trades, exceeded all previous experience, as in the steel trade, which is now more active than ever in the past.

IV.—Farm output exceeding $10,000,000,000, greater than ever before, accompanied by much-needed diversification of crops in the Southern cotton States.

V.—Repurchase from Europe of $1,200,000,000 of our securities, perhaps more, with so great ease that their absorption did not prevent a great and sustained rise in our stocks and bonds.

VI.—Assumption through the channels of trade and finance of an international, in lieu of a provincial position, and of a part in world trade more in keeping with the country's great resources, a change attested by the large loans we made abroad and by the widespread increase in our foreign commerce.

VII.—Recovery in railroad earnings which is benefiting railway credit and restoring normal purchasing power to an industry naturally the chief customer of other industries, but which had been forced for years to limit greatly its expenditures.

VIII.—Revival in American shipbuilding, which has filled all the country's shipyards with orders for a year or more ahead and is reflected in the bringing of hundreds of vessels under the United States flag.

COMPARISON OF 1914 AND 1915

The record of 1915 as compared with that of the year preceding, was thus summarized by the *Times:*

	1915	*1914*	*Per Cent. Change*
Railroad earnings:			
Gross	$3,041,508,229	$2,899,324,769	+ 4.9
Net	972,548,567	809,365,868	+ 20.3
Foreign trade:			
Merchandise			
Imports	1,804,094,786	1,789,276,001	+ 0.8
Exports	3,551,485,164	2,113,624,050	+ 68.0
Total	5,355,580,003	3,902,900,051	+ 37.2
Excess of exports	1,747,390,381	324,348,049	+ 438.8
Gold			
Imports	438,291,014	57,387,741	+ 661.9
Exports	23,736,680	222,616,156	— 89.3
Excess of imports	414,554,334	*175,218,415	.....
Bank clearings	187,810,267,274	155,242,201,536	+ 21.0
N. Y. bank loans	3,246,356,000	2,182,875,000	+ 48.7
Building permits	814,460,600	771,660,173	+ 5.6
Farm output	10,250,000,000	9,873,000,000	+ 3.8

	1915	1914	Per Cent. Change
Commercial failures:			
Liabilities	$301,680,874	$357,908,859	— 15.7
Number	22,102	18,280	+ 20.9
Iron production	29,609,445	23,049,752	+ 28.4
Steel orders (av'ge)	4,858,411	4,152,459	+ 17.0
Anthracite output	65,700,000	68,342,601	— 3.2
Stock Exchange sales:			
Stocks (shares)	173,378,655	47,899,628	+ 262.0
Bonds (par value)	956,777,000	461,898,100	+ 107.1
Sterling exchange (average)	4.7234	4.9395	— 4.4

* Excess of exports.

A STRONG BANKING POSITION

On the subject of Banking, the *Times* of January 1, 1916, said:

Quite aside from any effect produced by the war, it was assured that the change made in our banking system a little more than a year ago would exert powerful influence upon the credit powers of the country's banks. That, in itself, was almost certain to give a new and very great stimulus to extension of trade at home and abroad. Even in a fully developed country such a change in the banking system would stimulate industry greatly. In our own land, still so far from having reached its maximum capacity agriculturally or industrially, the adoption of a vastly more efficient credit system was certain to lead to new growth in many directions.

To this is due much of the change which has come about within the last year. It is directly responsible for a large share of the ease in money which has done so much to make possible the extension of the activities of our national banks into other countries. It did much, too, to create the confidence which business men all over the country are showing. They now feel free of the old handicap of restriction of credit due to inability of the banks to finance rapidly extending trade.

BANK CLEARINGS IN THE UNITED STATES

	1915	1914
December	[1] $18,000,000,000	$12,654,577,511
November	19,382,510,816	11,080,625,483
October	[2] 20,144,355,592	11,735,570,732
September	15,759,725,270	10,028,059,866

[1] Estimated. [2] Largest monthly total on record.

	1915	1914
August	$14,268,853,136	$9,932,296,349
July	14,925,063,909	14,493,300,896
June	14,117,408,790	13,948,023,685
May	14,620,142,566	13,164,811,157
April	15,008,467,265	14,897,453,513
March	13,842,660,705	14,253,004,652
February	11,907,119,867	12,865,108,921
January	13,477,904,776	16,197,819,613
Total	$185,460,767,936	$155,242,201,536

EXPORTS AND IMPORTS OF THE UNITED STATES

Exports and imports of the United States by months during the year 1915 follow:

	Exports	Imports	Exc. Exports
December	[1] $300,000,000	$160,000,000	Exp. $140,000,000
November	331,144,527	164,319,169	Exp. 166,825,358
October	334,638,578	148,529,620	Exp. 186,108,958
September	300,676,822	151,236,026	Exp. 149,440,796
August	261,025,230	141,804,202	Exp. 119,221,023
July	268,974,610	143,244,737	Exp. 125,719,873
June	268,547,416	157,695,140	Exp. 110,852,276
May	274,218,142	142,284,851	Exp. 131,933,291
April	294,745,913	160,576,106	Exp. 134,169,807
March	296,611,852	157,982,016	Exp. 138,629,836
February	299,805,869	125,123,391	Exp. 174,682,478
January	267,879,313	122,148,317	Exp. 145,730,996

[1] Estimated.

FAILURE RECORD OF 1915

Statistics of commercial failures in the United States during 1915, as reported by R. G. Dun & Co., show that defaults were more numerous, but involved fully $55,000,000 less than in the preceding year. The large numerical increase reflects the economic disturbance caused by the war, but, after the first quarter of 1915 the insolvency returns showed pronounced improvement, and there were about 37 per cent. fewer failures in the third quarter than in the opening three months of the year, with a reduction of practically 50 per cent. in the amount of money involved.

FAILURES BY QUARTERS

	1915		1914	
	No.	*Liabilities*	*No.*	*Liabilities*
1st quarter	7,216	$105,703,355	4,826	$ 83,221,826
2d quarter	5,524	82,884,200	3,717	101,877,904
3d quarter	4,548	52,876,525	4,298	86,818,291
4th quarter	4,764	58,716,814	5,439	85,990,838
Year	22,052	$300,180,894	18,280	$357,908,859

IMMIGRATION DURING 1915

According to the monthly bulletin of the Bureau of Immigration, there were admitted into this country for a series of months, compared with previous years:

	1915	*1914*	*1913*	*1912*
October	25,450	30,416	135,140	108,300
September	24,513	29,143	136,347	105,611
August	21,949	37,706	126,180	82,377
July	21,504	60,377	138,244	78,101
June	22,598	71,728	176,261	92,425
May	26,069	107,796	137,262	113,635
April	24,532	119,885	136,271	99,839
March	19,263	92,621	96,859	91,185
February	13,873	46,873	59,156	45,380
January	15,481	44,708	46,441	38,453

WEALTH OF THE UNITED STATES

	1912
Real property and improvements taxed	$98,363,000,000
Real property and improvements exempt	12,313,000,000
Live stock	6,238,000,000
Farm implements and machinery	1,368,000,000
Manufacturing machinery, tools and equipment	6,091,000,000
Gold and silver coin and bullion	2,617,000,000
Railroads and their equipment	16,148,000,000
Street railways	4,597,000,000
Telegraphs	223,000,000
Telephones	1,081,000,000
Pullman and privately owned railway cars	123,000,000
Shipping and canals	1,491,000,000
Irrigation enterprises	361,000,000
Privately owned water works	290,000,000
Privately owned central electric plants	2,099,000,000
Agricultural products	5,240,000,000
Manufactured products	14,694,000,000
Imported merchandise	827,000,000
Mining products	815,000,000
Clothing and personal adornments	4,295,000,000
Furniture, carriages and kindred property	8,463,000,000
Total	$187,739,000,000
Population	95,410,000
Per capita wealth	$1,967

PAYING THE PRICE OF WAR

The colossal human catastrophe which has devastated Europe and thrown nearly the whole world out of joint, must be paid for—and the price will stagger humanity. Cost of living is mounting to unheard of figures in neutral as well as in belligerent countries; and the worst appears yet to come. Wages are higher than ever before known, but so are the prices of necessities.

For more than two years the warring nations have been piling up debts for posterity so vast that they can hardly be comprehended even by the greatest minds in finance. Can these governments meet the gigantic obligations they have been incurring with such reckless prodigality? The question never has been answered, and the solution must await the reconstruction period following the close of hostilities. Precise data are not at hand, but one can gain some approximation to the real facts and figures. To say they are startling only mildly expresses the true condition.

At the beginning of the present war the debts of the three leading belligerent nations were as follows:

	In Millions of Dollars
United Kingdom	3,486
Germany	1,177
France	6,284

The war loans of these various countries at the end of 1915 were as follows:

	In Millions of Dollars
United Kingdom	6,914
Germany	6,098
France	4,255

This makes the total national debts of the above countries to the end of 1915, as follows:

	In Millions of Dollars
United Kingdom	10,400
Germany	7,275
France	10,539

According to President Charles R. Van Hise, of the University of Wisconsin, who has made a special study of this subject, the interest rates before the war were in part at a comparatively low figure; but the new debts which have been contracted, especially the later ones, are on conditions which are better than 5 per cent. and in order not to result in dissatisfaction and to secure new loans at home, refunding operations have been carried on for the old debts, increasing their rate of interest to an amount somewhat parallel to that of the new loans. Therefore it is safe to say that at the present time 5 per cent. is a close approximation to the figure which each of these nations is paying upon its national debt. Using 5 per cent. and using only the national debts, not the local debts, the interest charges for the three countries under discussion involve annual expenditures as follows:

	In Millions of Dollars
United Kingdom	520
Germany	364
France	525

Thus, at 5 per cent., the interest charge on these national debts would be in excess of $1,400,000,000.

Figures available regarding the total wealth of the nations under discussion and their incomes are only approximate. Recent estimates of *The Economist* are as follows:

	Total Wealth in Millions of Dollars	*Income in Millions of Dollars*
United Kingdom	87,597	11,923
Germany	77,864	10,219
France	63,763	7,299

These estimates probably are very high; and it should be remembered that they include not only the privately owned physical property in these countries, but all the public property and all the property owned abroad. During the continuance of the war, such property owned abroad, more especially in the case of Germany, has been greatly decreased.

It therefore appears that the national debts of these three countries and the interest charges upon the same are the following percentages of the wealth and incomes of the nations under discussion:

	Percentage of Wealth	*Percentage of Income*
United Kingdom	11.87	4.36
Germany	9.34	3.56
France	16.48	7.19

SOME STAGGERING FIGURES

At the beginning of the war, August 1, 1914, the combined debt of the five great belligerents, England, France, Russia, Germany and Austria-Hungary, was $19,600,000,000. The combined debt of these powers on August 1, 1916, was approximately $62,500,000,000, showing that the cost of the two years of war was $42,900,000,000. These figures include the permanent war loans, which up to May 1, 1916, had amounted to $25,525,000,000. The charge upon the national resources of these countries for the payment of interest on these obligations and the discharge of the principal debt, will be burdensome beyond all precedents in government finance. It would seem certain that the back of the taxpayer must be broken if to this burden is added the cost of great and always greater armaments. In the past, the cost of maintaining Europe as practically an armed camp has been enormous, and the fact has been pointed out that it would be immeasurably greater in the future, for this war, by its unparalleled extravagance in the use of men and material, has established new standards of fighting and efficiency which, in common prudence would have to be lived up to by every nation determined to do its part in the next conflict. England and Russia could not afford again to be caught unprepared, and France would be compelled to redouble her efforts.

The cost of the present European war has been calculated by high authority, at $100,000,000 per day.

In addition to the increase in the debt of the German

Empire due to the war, there have been great increases in the indebtedness of the German States, and if these debts were added to the national war debt of Germany, the German debts in percentage of wealth and percentage of income would probably be between those of the United Kingdom and France. Thus far, only the national debts have been taken into consideration; but in addition to these there must be paid interest on all of the local debts, state, municipal, county, etc., besides taxes sufficient to pay the entire expenses of government.

TAXATION IN THE UNITED STATES

On the subject of the recent outcry against high taxes in the United States, President Van Hise says:

> Why, we don't know what high taxes are! Suppose 10 per cent. of your income from capital were taken first to pay the national debt, several per cent. more to pay interest upon the local debts; and, in addition, you were to pay taxes to care for all current expenses, local, state, and national; and, finally, if the debts are ever to be liquidated, to pay an additional tax toward a sinking fund. Then you would be in a position similar to that of the people of Great Britain, Germany, and France.

It is further shown that while the debts at the time of the Napoleonic wars were very heavy, the United Kingdom and France were then largely undeveloped, and it therefore seems safe to say that there has never been a time in the history of the world in which anything like the present burdens of debt rested upon any nations, in proportion to their resources, developed and potential.

How will the people handle their great economic problems at the close of the war? Under the stimulus of national feeling, in the midst of hostilities, men and women always will and do make great sacrifices cheerfully, but will they continue to do so in the period following peace? Will they, through generations to come, consent to carry these gigantic financial burdens, which are certain to mean partial confiscation of property?

The maximum debt of the United States at the close of

the Civil War (at that time the most colossal debt to which any nation ever had been subject), was $2,758,000,000; at the expiration of more than half a century, more than one-third of this debt remains unpaid, and that in a country the richest on the face of the globe.

Will the result of European taxation after the war be the emigration of the rich and well-to-do, to escape the fearful burdens? And if such emigration goes on, and the capital available to pay the interest on the national debt continues to be reduced, will the nations involved be obliged to scale their debts or to confiscate the wealth of those who migrate? Who can answer?

THE LATE JAMES J. HILL URGED PEACE PREPAREDNESS

As to what the people of the United States must do to meet the economic and industrial changes that will follow the war, opinions may differ, but it is certain that very vexing problems will confront America, as well as Europe. The late James J. Hill, always wise and far-seeing, in urging preparedness for peace as well as for war, pointed out some of the factors in this problem. When he asserted that our present prosperity is largely the result of abnormal conditions there is ample reason for the belief that he spoke well within the truth. Our exports in 1915, were more than a billion greater than in 1913, an increase of 42.4 per cent. Every one knows that this cannot continue, for after the war Europe will be compelled to curtail purchases abroad, ordering only that which is absolutely indispensable. To continue to sell their products abroad, they will be compelled to reduce wages and profits to the minimum. How this will affect us and how best to prepare ourselves for the change is the question that should occupy the minds of the people. In Europe, wages are sure to come down and painful saving become the law of life, with millions of men returning from the battlefields and other millions to be supported in their helplessness. Mr. Hill said:

> If the black shadow which the war has cast upon the future generations of Europe is not to darken our national life also, we must be

prepared to meet these new conditions, not with political oratory, but with the economic weapons by which alone they can be mastered. The salvation of the workingman lies in his ability to secure continuous work. It depends upon the steady and willing payroll. And the payroll can exist only so long as the capital from which it must be furnished sees safe and reasonably profitable opportunities of investment in our domestic productive enterprises. Capital may be a shy bird for some time to come. . . . Our manufacturing interest has been built up to a point where our own needs cannot consume the output. . . . We must face competitive prices with Europe—the new prices induced by their desperate need to earn, to save, and pay—in all the outside markets of the world. We must face their discriminating legislation in their struggle to live.

Mr. Hill declared that the world to be born from this mighty conflict of arms will be a world different from any that man has seen; hence we must study the new problems, adjust ourselves to the new conditions, and be as far as possible economically prepared.

We may be sure that we shall have to pay our share of the fearful burden it will entail upon the civilized world.

NEED OF THRIFT IN ANY EVENT

The wisdom of the present country-wide campaign of thrift needs no argument; it is self-evident. Experts in finance and commerce disagree in opinion as to what effect the cessation of hostilities in Europe will have in this country. If prosperity should continue after the war for an indefinite period, so much the better—we can keep on adding to our savings and investment accounts; if, on the other hand, a period of severe depression is to be encountered, the necessity for rigid economy is apparent. In either event, thrift is the key to survival and success. It has been said by some experts, with truth, that after the close of hostilities, Europe will have desperate need for our gold and will do its best to get it. The safety of our gold reserve depends largely upon whether Americans by that time regard money as something to spend or something to save and invest. By spending recklessly and extrava-

gantly, we shall play into the hands of those nations that are seeking our gold; by prudence and thrift we shall be able to retain permanently the great advantages we have already gained.

CHAPTER XXIII

THE SPENDTHRIFT NATION

Are We Really a Saving People?—Love of Luxury and Pleasure the Leading Characteristics of To-day—Self-denial the Basis of Character—Words of Wisdom from Great Men of All Ages—Why Thrift Is Blessing—Examples Showing How Money Grows—Some True Little Stories from Real Life.

FEW of those who have given the matter any serious thought will have the temerity to deny that America is a spendthrift nation. It seems to be the national failing. Due in part, perhaps, to the general feeling that our national resources are inexhaustible, the people as a whole seem to have little or no idea of conservation, either personally or collectively. While the big corporations have learned the lesson of economic efficiency, the people have not, and the result is financial chaos in the average American family. The rule is to pay expenses, some necessary, more of them needless or artificial, and save what is left—if there is anything left. Too often, the head of the family is swamped in his desperate efforts to put by something for emergencies.

In these latter days of luxury and the passion for pleasure, the saving habit has fallen into disrepute in many quarters. The simple, inexpensive pleasures of other years are scoffed at as antiquated. Not only is accumulation discouraged, but those who show a praiseworthy inclination in that direction are looked at askance or with openly expressed contempt. They are referred to in the vernacular of the street as "tightwads." The argument, in a nutshell, seems to be: "While we live, let us live. There's very little pleasure, anyhow; we'll never pass this way again. What's the use of saving for some one else to enjoy? Let those who come after us earn their money, as we did.

We've only one life to live, so let's enjoy ourselves to the limit. *Dum vivimus vivamus.*"

It cannot be denied that this specious argument, although it takes no note of the misfortunes that are always liable to overtake us with the necessity of accumulated capital to tide over the rough places, finds many followers. The line of least resistance always is popular—it is the ordinary way even for a current of electricity. How much easier it is to drift with the current than to stem the stream!

The evidences of this are to be seen everywhere in recklessly extravagant methods of living. Instead of following the example of the wonderful French people, thousands upon thousands in this land of opportunity are living far beyond their means, enjoying luxuries both in the way of food, raiment and pleasures, which they cannot afford.[1] Young men and women, sons and daughters of parents in very moderate circumstances, ape the wealthy, so that it is difficult to distinguish on the street the girl who works for a very small wage in store or factory from the daughter of a millionaire. Many of these girls and women spend practically all they receive in personal adornment.

The young men of the present day also are notoriously extravagant in their personal habits, not hesitating to spend, for instance, $25 or $50 for a New Years Eve celebration. Not how much can be set aside for future needs and emergencies but how much can be spent for present pleasures seems to be the thought uppermost in their minds. If they earn good salaries, a way is always found of getting rid of it all by the end of the year, and if an increase is obtained, it goes the same way in further comforts and luxuries and more "style." Thousands of people ride daily

[1] Practically every city in France has its Municipal Savings Banks, and they are extremely popular. One out of every six of the men, women and children of France has such an account of more than five hundred francs. These banks are managed by local commissions whose members serve without pay. The system has grown rapidly, and not only does it encourage thrift among the poor but furnishes the funds for absorbing the bonded obligations of the community.

in street cars or in automobiles who would be far better off, physically—and financially—if they walked.

It has been said with truth that we are living in an age of financial delirium, and that lavish expenditure has grown to be a national trait.

None can deny that this state of mind is all wrong. There is urgent need of education along the line of systematic saving.

ARE WE REALLY A SAVING PEOPLE?

As proof that the people of the United States are a saving people it has been customary to point to the aggregate deposits in the Savings Banks of the country. The fact that New York has more than one-third of all these has been regarded by many as evidence that its people properly must be classed as thrifty.

Highly creditable as is this exhibit of New York's saving in the aggregate, ought not the showing to be far greater and more impressive, in view of the fact that there are located within the State a large number of flourishing cities, including the metropolis of the western world, a city second in size only to London and seemingly destined soon to surpass it in population and commercial importance? Probably few who have given the question any serious thought will answer otherwise than in the affirmative.

Another companion fallacy is the proposition that if everybody became careful and saving it would be "bad for business." Such argument is so specious as hardly to need answer. Waste is always waste, no matter under what cloak it may seek to disguise itself. One might as well argue that destructive fires are good things for the world at large, because they create new employment. Of course if that were true, the more and the greater the conflagrations, the better off we should all be!

In any event, the discussion of this phase of the matter must be purely academic, for we always shall have a goodly proportion of thoughtless, extravagant people. To make

everybody thrifty is as manifestly impossible as to make everybody good.

SELF-DENIAL THE BASIS OF CHARACTER

It is very little credit to a young man or woman to set aside a portion of a large income after all desires have been satisfied. Saving out of a small income by personal economy and self-denial is what builds up character; for after all, it is not so much the money saved that is important as the effect of saving upon the saver. To make more useful men and women,—the sturdy kind of which past generations in this country showed many excellent examples,—is the really important thing.

Saving is quite as much a woman's problem as it is a man's. All know how much the former have to do with household economies, but both sexes should get into their minds the fundamental truth that saving money is less a matter of income than of remorseless, inflexible habit. Surrounded as we are by innumerable temptations to spend, we can only save by positive determination of the will. This determination is the touchstone that solves the problem. Saving must come first; expenses afterward.

James B. Forgan, president of the First National Bank, Chicago, has told the young men of the country how to get ahead in the world. It may be explained that Mr. Forgan arrived in Montreal from Scotland in the year 1872, at the age of twenty, with only character and determination as his capital. Mr. Forgan says:

> Extravagance is America's national sin. Most young people make no effort to save; few even of older years save systematically. My method was to start the new year by fixing the sum I would save during the year. If I decided to buy a $1,000 bond I would pay perhaps $100 in cash, borrow the balance from the bank and repay $75 every month. That $75 was the first thing I paid on receiving my salary. The remainder had to last the whole month. December found me sole owner of the bond. I never speculated.

It was good old Benjamin Franklin—a typical American whose memory and example should be cherished forever by his countrymen,—who said: "Save, young man, and be-

come respectable and respected. It is the surest way."

Franklin practiced what he preached. He was in the highest and best sense thrifty, conserving everything and wasting nothing. His precepts and proverbs, attributed to "Poor Richard," and published in the famous almanac of that name, were once widely read, constantly quoted and generally followed. They were witty, wise, and shrewd, and exercised a wonderful influence for good all over the country.

On the same subject, Franklin wrote:

> The way to Wealth is as plain as the way to Market. It depends chiefly on two words, *Industry* and *Frugality;* that is, waste neither time nor money, but make the best use of both. Without Industry and Frugality nothing will do, and with them everything. He that gets all he can honestly, and saves all he gets, necessary expenses excepted, will certainly become *Rich,* if the Being who governs the world, to whom all should look for a blessing on their honest endeavors, doth not, in His wise providence, will otherwise.
>
> And again he has said: "Take care of the Pence, and the Pounds will take care of themselves."

James J. Hill, the great railroad builder and financial genius, who died recently a multi-millionaire although born in poverty in the Canadian backwoods, with few friends and fewer opportunities, said not long before his lamented decease:

> If you want to know whether you are destined to be a success or a failure in life, you can easily find out. The test is simple but infallible. Are you able to save money? If not, drop out. You will lose. You may not think it, but you will lose as sure as you live. The seed of success is not in you.

These are true words, the force and value of which are especially to be commended to the youthful of both sexes. Conceding their wisdom, as we must, it will be undisputed that there can be no better places in which to instill the saving habit than in the home and the school.

THE LATE THOMAS M. MULRY ON THRIFT

To use the language of the late Mr. Thomas M. Mulry, when president of the Emigrant Industrial Savings Bank,

New York, one of the largest and strongest institutions of the kind in the world, with more than 165,000 depositors and deposits reaching the enormous total of $150,000,000:

It doesn't seem to me that the young men and women of to-day get the saving habit as strong as they did when I was a young man. They seem to be more taken up with the idea of spending money than saving it. I remember well when if you took your best girl out and bought two dishes of ice cream it was a big treat and the total expenditure was twenty cents. Nowadays a young fellow pays four or five dollars for a pair of theater tickets and afterwards goes to a restaurant for a big spread. By the time he bids the young lady good night he has spent enough money to keep a family for a week. The craze for automobiles has prevented a good many people from saving money who should be doing so.

A young man is afraid to ask a girl to marry him nowadays unless he has a flat furnished up in the height of style, with a piano, talking machine or a player piano in the parlor. Perhaps that's why there are so many bachelors running around.

The cost of living, I realize, is higher in some respects than it was a few years ago, but it seems to me if people would be willing to start life on a more simple basis and cultivate a little more of the old-time thrift they would get farther in the end.

HENRY A. SCHENCK TELLS HOW TO SAVE

Henry A. Schenck, president of the Bowery Savings Bank, New York, and president of the Savings Banks Association of the State of New York, put the matter with admirable force and directness when he said, in a recent address:

Every one should save, because every one who is not in debt and has a dollar put up is a capitalist. If you are a woman, save for safety. The safest place for your money at all times is the Savings Bank. If you are a man save for opportunity. The time will come to put those savings into business or property of your own. Don't try to save too much. In general a tenth of what you earn is a good percentage of saving. At least it is a good scale upon which to begin. Ten years is a good age at which to begin saving. Then and always the amount saved is secondary to the formation of the habit of saving. Once that habit is formed the amount takes care of itself. *Watch the little leaks.* . . . In the order of their importance I name the objects for which a man should save: First, that he may

marry; second, for a home; third, for a life insurance for the benefit of his family; fourth, for the employment of the savings in a business of his own or in acquiring other property; fifth, to provide for the girls of his family after his death. The boys do not need money as a start in their life of manhood. Usually it is a serious detriment. They will develop into better men without it. But for the women of his family a man should provide as well as he can. All this accomplished, a man should save for bequests to worthy philanthropies. To do all this will keep a man busy saving all his life, as he should do.

But some one may say that there is the liability of overdoing it; that one of the most despicable of all creatures is the miser. This may be freely conceded; but the danger of one's becoming a miser is so small as to be negligible.

WORDS OF WISDOM FROM GREAT MEN

Quaint Josh Billings somewhere refers to certain kinds of economy that don't pay. "One of them is that thair iz a grate menny peepul in the world who try to ekonomize by straightenin' pins." This is illustrated by Orisen Swett Marden in his reference to a certain rich man who had become such a slave to the habit of economizing that he would frequently lose a dollar's worth of valuable time trying to save a dime. He would tear off the unused half-sheets of letters, cut out the backs of envelopes for scribbling paper, and compel his employees to save strings from bundles even if it took twice as much time as the string was worth. This sort of economy is the foolish kind; true economy involves the highest kind of judgment, level-headedness and breadth of vision. There is no doubt that the habit of saving may be carried to such an extent as to become a boomerang, proving a stumbling-block instead of a stepping-stone. However, it may be said that the danger of this is remote.

There is a broad distinction between thrift and avarice. Lord Rosebery has said: "Avarice is not generous, and after all it is the thrifty people who are generous. All true generosity can only proceed from thrift, because it is not generosity to give money which does not belong to you, as

is the case with the unthrifty." He added that while the rising generations of all lands should be taught to abhor waste in all its innumerable forms, it was not the mere waste of money which he referred to; that cures itself, because very soon there is no more money to waste. He meant waste of anything and everything that is valuable, including, perhaps first in importance,—time.

Ben Jonson shrewdly observes: "When you are indebted any great sum, your creditor observes you with no less regard than if he were bound to you for some huge benefit, and will quake to give you the least cause of offense, lest he lose his money."

SOME WISE SAYINGS WORTH PONDERING

"Seest thou good dayes? Prepare for evil times; no summer but has its winter. He never reaped comfort in adversity that saved it not in prosperity."—*Quarles.*

"Sometimes our neighbors want the things which we have, or have the things which we want; and we both fight, till they take ours, or give us theirs."—*Swift.*

"In expenses I would be neither pinching nor prodigal; yet, if my means allow it not, I would rather be thought too sparing than a little profuse."—*Feltham.*

"Both are equally absurd, he that will burn his taper while the sun shines, and he that will go to bed in the dark to save the expense of light."—*Feltham.*

"I trusted so much that I sold the skinne before the beaste was taken, reckoning without mine host, and setting that downe in my bookes as ready money, which afterward I found to be a desperate debt."—*Euphues.*

"He that lendeth to all that will borrowe, sheweth great good will, but lyttle witte. Lend not a penny without a pawne, for that will be a good gage to borrowe."—*Euphues.*

"Be very wary for whom thou becomest security, and for no more than thou art able to discharge, if thou lovest thy liberty. The borrower is a slave to the lender: the security is a slave to both."—*Quarles.*

"While the money is hoped for, and for a short time after

it has been received, he who lends it is a friend and benefactor; by the time the money is spent, and the evil hour of reckoning is come, the benefactor is found to have changed his nature and to have put on the tyrant and oppressor. It is an oppression for a man to reclaim his own money; it is none to keep it from him."—*Defense of Usury.*

WHAT THRIFT REALLY IS

Thrift does not consist merely in starting a bank account. To it must be added self-denial—moral courage—backed by an incentive to attain a reasonable competence. It lies within the reach of the great majority of able-bodied men, temperate and capable, to make adequate provision for the time when it will not be possible to earn daily wages. It is not all of thrift to merely put money out at interest, but it is of sufficient moment to be the first concern of those who believe in "preparedness"—for thrift is in its essence preparedness. An analysis of the lives of one thousand prominent and successful persons in this country shows that only 111 were sons of financially successful men, the other 889 being sons of farmers, preachers and teachers who had learned the value of a dollar.

A comparison of the operation of our saving habit with that of other nations reveals how far we are from being a thrifty nation. Out of every 1,000 people in

Switzerland	595	have	a	savings	account.
Norway	468	"	"	"	"
Denmark	436	"	"	"	"
Japan	400	"	"	"	"
France	368	"	"	"	"
Germany	356	"	"	"	"
England	302	"	"	"	"
Australia	300	"	"	"	"
Belgium	300	"	"	"	"
United States	109	"	"	"	"

The average amount to the credit of those who have savings accounts is:

In the United States		$47.92
"	Switzerland	88.47
"	Denmark	67.85
"	Norway	62.42

The comparison of our wealth with that of other leading nations is as follows:

	Wealth	*Income*
United States	150 billions	35 billions
Great Britain	85 billions	12 billions
France	50 billions	6 billions

While we are saving about two billions of dollars annually, Great Britain, with one-third of our income, is saving as much as we are; and France, with one-sixth, is saving half as much as we are; Germany, with 65 per cent. of our population, saves annually 80 per cent. more than we do.

WHY THRIFT IS BLESSING

If the practice of the old-fashioned virtues,—among which that of saving is a leading one,—is out of date, then so much the worse for the Republic, and the outlook is dark indeed.

Let the boys and girls of the State and nation be taught to disregard the sneers and slurs of the extravagant and improvident and go on in the true path, paying no heed to those who are living only in the present. By living in that manner, we really place ourselves on a footing with the lower animals.

It has been said, with partial truth, that man is the only animal that lives in the past or the future. The example of the squirrel laying up his store of nuts for the long winter, and of the dog, burying a too large bone for the morrow would seem to disprove the statement, even though it is instinct that impels them. Let us teach our boys and girls then, *until thrift becomes an instinct.* Let us instill into their young, formative minds the virtue of carefulness and the wickedness of waste. Let us point them to the innumerable examples of present-day millionaires who began with practically nothing and reached their high estate by habits of economy, by getting the right start and making the "devil of interest" work *for* them—as he will—day and night, instead of against them.

Thrift is blessing, not merely on account of the accumu-

lation of substance, but because of the foundation and strengthening of character; and contrary to the generally prevalent idea, it is within the power of the poorest to be thrifty. This cardinal virtue lies at the foundation of the surest and strongest empires the world has known or will know.

"Thrift," says Lord Rosebery, "is at the root of independence and self-respect, two vital principles of any aspiring nation."

THOUSANDS LEARNING THE LESSON

Thanks to the far-seeing men in the great banking corporations of the State, working in entire harmony along the lines of a systematic plan covering the entire country, countless thousands are learning the lesson of thrift, with beneficial results far above all calculation. A "Centennial Advisory Thrift Commission" was formed late in the year 1915, composed of prominent Americans to aid in the plan. Among the members of this commission were such well-known and prominent citizens as William H. Taft, Cardinal Gibbons, Myron T. Herrick, A. B. Hepburn, William E. Carson, J. K. Orr, Charles S. Whitman, Hugh Chalmers, James A. Green, Herbert F. Gunnison, Charles B. Warren, Eugene Lamb Richards, William E. Knox, James B. Forgan, and others equally prominent.

In sixty-two cities of the United States, each with a population of over 25,000, the campaign was conducted through the local chapters of the American Institute of Banking: in the smaller cities and towns, through banks which are members of the American Bankers Association; in the States through the secretaries of the State Bankers' associations. The industrial workers were reached through the National Civic Federation and the immigrants through the National Americanization Committee.

Immigrants, as a rule, being accustomed to government Savings Banks in their own countries, deposit their money in the United States post-office banks and do not understand the safety of savings and commercial banks. The

government officials in the postal savings system assisted in fostering in foreign immigrants a feeling of confidence in Savings Banks. The Bureau of Commercial Economics at Washington supplied lectures and motion picture films to be used at thrift meetings.

Regarding this campaign, the *American Bankers Association Journal*, in its issue of December, 1915, said:

> To-day, with our national wealth approximating $187,000,000,000 and almost one hundred millions of people in the country, we have about $4,700,000,000 in the Savings Banks, belonging to ten and a half million depositors. This may seem an amazing sum of capital and number of depositors, but when a comparison is made with other countries and a balance is struck, it is found the United States is near the end of the list in the percentage of savers to population.
>
> With every appearance of unprecedented future prosperity in the United States, the fact is apt to be disregarded that the other great commercial nations of the world are involved in a war of frightful destruction and economic waste; that after the war these nations will need funds for reconstruction, and the United States will be called on to supply them; that for some time to come this country will not be able to secure capital, as in the past, from Great Britain and France, for the purpose of carrying on new enterprises. The United States must finance itself.
>
> No fear need be had for the immediate future, but it is inevitable that the time is coming when this country will meet the test of financing practically the whole world. Preparations are being made for defense in the event of war; preparations should also be made for peace. Adequate credit machinery can be developed and perfected, but it will assuredly require a sufficient amount of capital to maintain properly and keep in good running condition this credit machinery.
>
> How is this capital going to be secured? Through education; by calling the attention of the people to the lack of thrift in the country and the beneficial results of practicing thrift; through a systematic nation-wide campaign to promote thrift and saving.

This splendid movement, let us hope, will not close with the centenary year, but go on and on, with increasing momentum, until we shall be entitled to be called what we now are not, a truly thrifty nation.

HOW MONEY INCREASES

As a striking illustration of the cumulative increase of money placed on deposit at compound interest, every present and prospective saver should examine the following:

Weekly Sav'gs	*Rate of Int.*	*For 5 yrs.*	*For 10 yrs.*	*For 20 yrs.*	*For 40 yrs.*
$1.00	3½% Compounded semi-annually Jan. & July	$275.	$602.	$1,455.	$4,370.
2.00		550.	1,205.	2,911.	8,740.
5.00		1,376.	3,041.	7,279.	21,850.

AN ACTUAL CASE IN POINT

The following is a transcription of an actual account taken by permission from one of the passbooks of the Albany Savings Bank:

Dr.	ALBANY SAVINGS BANK TO		Cr.				
1862 Mar. 12	To Cash	200		1864 Nov. 4,	By Cash	200	
1863 May 14	" "	30		1872 Apr. 15,	" "	25	
Aug. 27	" "	150		1878 Feb. 28,	" "	10	
1876 Jan. 1.	Int. to date	146.99		1886 Dec. 15,	" "	50.49	
1878 Jan. 1.	" " "	31.35			Balance	1,234.20	
1880 July 1.	" " "	40.70					
1884 July 1.	" " "	56.25					
1886 July 1.	" " "	30.20					
1897 Jan. 1.	" " "	198.85					
1900 Jan. 1.	" " "	75.56					
1900 July 1.	" " "	11.80					
1907 Jan. 1.	" " "	173.67					
1914 Jan. 1.	" " "	258.00					
1915 Jan. 1.	" " "	45.14					
1916 July 1.	" " "	71.18					
	Total	$1,519.69				$1,519.69	

Twenty-five cents saved weekly and compounded twice a year at 4 per cent. per annum, will amount to $396.42 in twenty years; fifty cents will amount to $792.84, and five dollars to $7,928.40.

RECORD OF ACTUAL ACCOUNTS

Here is an actual account of a deposit opened eighty-four years ago:

S—— B—— of Norwich, Connecticut, opened an account with a Savings Society by deposit

June	4, 1832		$ 7
Sept.	3, 1832	he deposited	8
July	21, 1833		5
Oct.	8, 1834		13
		Total amount deposited	$33

There were no other transactions on this account until December 3, 1915, when the Society paid to his estate, represented by his widow as executrix of his will,

the amount deposited	$ 33.00
and accumulation of dividends or interest	1,779.09
Total	$1,812.09

This is not an estimate, but the record of an actual experience of a depositor in a Mutual Savings Bank.

TRANSCRIPT OF ACCOUNT NO. 36,391

"Isaac Deposited for His Daughter Lydia"

1852	6/3	Deposit		$10.00
"	12/30	"	.....	7.00
1853	12/30	"	.....	5.00
1854	12/30	"	.....	5.00
1855	12/29	"	.....	5.00
1856	12/30	"	.....	5.00
1857	12/29	"	.....	5.00
1858	12/29	"	.....	5.00
1859	6/3	"	.....	6.00
"	12/27	"	.....	5.00
1860	12/26	"	.....	5.00
1861	12/27	"	.....	5.00

1862	12/29	Deposit	$5.00
1863	1/21	"	5.00
"	12/31	"	5.00
1864	12/29	"	5.00
1865	12/22	"	5.00
1866	12/31	"	5.00
1867	12/28	"	5.00
1868	12/24	"	5.00
1869	12/24	"	5.00
		Total Deposits.....	$113.00
1870		Interest to January,	$96.71
1880		Interest to January,	190.69
1890		Interest to January,	203.11
1900		Interest to January,	293.08
1910		Interest to January,	435.40
Account closed May 10, 1910, by payment of			$1,331.99

SYSTEMATIC SAVING PAYS WELL

Two dollars, deposited every day in a Savings Bank, will in forty years yield an income of eight dollars a week for the balance of one's life, while leaving an estate of ten thousand dollars for the family at death. That result comes from regular deposits which are compounded every three months at 4 per cent. interest.

By saving *three dollars* a week, according to the same plan, these results are obtained. In

10	years	you will have	$1,904.44
20	years	you will have	4,795.30
30	years	you will have	8,976.48
40	years	you will have	15,123.52

If, therefore, you begin at the age of twenty to save three dollars a week and entrust it to a bank that pays 4 per cent. and compounds the interest on your deposits quarterly, by the time you are sixty, you will have a capital of over $15,000 and a yearly income (supposing you still receive 4 per cent. on your money) of over $600, or $12 a week.

It pays to save regularly, systematically and persistently.

A PRACTICAL SUGGESTION

"The most practical suggestion I can make on the subject of Teaching Thrift, paradoxical as it may seem, is to have the prospective saver *incur a debt,*" says a well-known financier.

"Among our own employees, the obligation to pay a stated amount on the first of each month is promptly met. It is most important to have *compulsory regulation in saving.* To illustrate my suggestion concretely and briefly:

"Let the employer make it possible for the employee to purchase, say, a share of stock in *their* company, employee giving his note in payment for same, with the obligation to pay a stated amount on same each month.

"If the employee is of the right caliber, not only is his loyalty and co-operation developed, but by the time his debt is paid, he sees the benefits of systematic saving, and the habit is deeply and firmly rooted in fertile soil.

"This plan may be used in all branches of commercial and industrial establishments, with certain modifications, and I believe will accomplish more than all the nebulous theories ever set forth."

THE CASH-CARRYING HABIT

"The cash-carrying habit is wasteful and leads to many useless expenditures which prove a constant drain on your finances," says *Where Money Goes.* "You don't mean to be extravagant, but your money just vanishes in a way that you are unable to account for. If you pay bills by check, the stub or canceled check will show just where your money has gone. It will enable you to stop many little wasteful leaks and to proceed along lines of better economy. The man who has an account in the bank and pays bills by check naturally grows into habits of thrift. He cultivates temperance in his indulgences. He learns to look with pride upon the increase of his 'balance.' Everybody regards him as a citizen of more worth and importance in the community."

BIRTHDAY FUNDS

An excellent way to provide a son or daughter with an inheritance, when they arrive at majority, is to place to their credit, on each birthday, *one dollar for each of the years they have lived.* This, without interest, will amount, in twenty-one years, to $231. Let the amounts be placed at interest, and compounded semi-annually, and we have over $300, not an insignificant amount with which to start in many kinds of business. What child, knowing that this bank account is growing for him, will not make systematic efforts to add to it from his own savings, thus swelling the aggregate to a sum which would enable any young man or woman to start out in a business career well equipped for success?

In addition to this, the early training in habits of thrift and self-denial thus obtained will be worth many times the amount of the original account. Accumulation will have become a fixed habit, and the young person's future assured.

SOME TRUE STORIES FROM REAL LIFE

For six months there hung in the depositors' room of the Universal Savings Bank, New York, the picture of a girl baby, three weeks old, with its name and bank record:

> Youngest Savings Bank Depositor; Born March 15, 3 A. M. Account opened same day, 11 A. M. Age at time of deposit, eight hours.

The baby's father deposited $1 weekly, and if he keeps this up for seventeen and a half years, the account, with interest, will amount to over $1,300, sufficient for a university education or a handsome dowry.

Moral: It is never too early to become a saver.

The same bank mentions the fact that a certain newsboy who had been seen in front of the Singer Building (where the bank is located), for several years, is not there any longer. He has been going to night school and selling pa-

pers in the daytime. He has saved several hundred dollars. Later, he is to attend law school and go to work in a law office. Says the bank official: "He comes into the bank regularly for his expense money, and we still call him Jake—some day it may be Judge."

This newsboy started an account with one dollar.

A building superintendent in New York City has deposited five dollars a week in the Universal Savings Bank since the institution first opened its doors, nine years ago, with comparatively few lapses. He now has between $1,500 and $2,000 in bank and has bought a house in Brooklyn, the bank taking a mortgage of $5,000 upon it. He is bringing up a family of four, three of whom are girls, two now attending High School. These two girls will become self-supporting in another year, and in a few years more the father will have a clear title to a fine home. Thrift is blessing.

The same bank mentions the case of a youth who started an account with his birthday present of $10 and then his Christmas present of $25 from his firm. He became very enthusiastic and used to put nearly all his salary in the bank every Saturday night, with the result that every two or three days he was compelled to withdraw some. In three months the account was closed.

Another, an elevator boy, opened an account with one dollar and kept putting in a dollar every week with regularity that never failed. At last accounts, he had kept this up for 138 weeks and had drawn nothing out.

Which was the more sensible boy?

It is getting the habit and keeping up the system that wins.

In October, 1915, a depositor who had drawn down a good account to a credit balance of three dollars, handed in a four-dollar deposit with the remark:

> Now, I've got to begin all over again. I lost what I had in this bank speculating in war stocks, besides $3,000 I had in another bank.

I lost it all in a rising market by overbuying, and was unable to cover reactions. Never again! The Savings Banks for me hereafter.

There is always one sure thing in gambling—you lose.

An electrician deposited six dollars in the bank with the remark: "That makes an even three hundred. If I hadn't seen your signs in the window and had not come in and obtained this little booklet, I wouldn't have a cent to-day. I save six dollars a week and I don't even feel the deprivation. I could have been saving for years. I've got to thank this bank for what it has done for me."

And the bank's services cost nothing.

CHAPTER XXIV

ORGANIZATION OF THE SAVINGS BANKS ASSOCIATION OF THE STATE OF NEW YORK

Great and Lasting Benefits Derived—Nearly Every Bank in the State Included—The Early Meetings and Those Who Attended Them —Concerted Action in the Matter of Proposed Legislation One of the Objects Aimed At—The First Officers Chosen—Group System Adopted with Good Results—Banking Law Revision—Central Banking Council Formed in 1916.

FEW associations in the State have been productive of greater good than that of its Savings Banks. "In union there is strength," is axiomatic, but in rare cases does this apply with greater force than where banking and financial institutions are concerned. That indefinable thing we call public confidence is so easily impaired or shattered that long ago it was recognized as absolutely necessary for banks to stand together in times of stress or else, when one succumbs, the rest are likely to go toppling over like a house of cards. It seems somewhat strange that in these days of organization, the officers of the Savings Banks of the State did not sooner perceive the necessity of banding together to promote their mutual interests, and hence those of their depositors. The need had been felt for a number of years by some of the wisest Savings Bank men of the State, but it was not until 1892 that steps were taken to bring about actual results.

In the month of May, in that year, a convention of Savings Banks officers of New York, believed to be the first on any scale representative of all parts of the State, was held in the Chamber of Commerce building, New York City, primarily for the purpose of securing concerted action in the matter of increasing the scope of investments for Savings Banks.

This meeting was called to order by Mr. Alexander E. Orr, and Mr. James McMahon, president of the Emigrant Industrial Savings Bank, New York City, was chosen to preside. Mr. Andrew Mills, president of the Dry Dock Savings Bank, New York, acted as secretary.

COGENT REASONS FOR ASSOCIATING

President McMahon, in his opening address, voiced the sentiments of those present when he said nothing could be lost and very much was likely to be gained through coming into personal contact with, and knowing each other. He added:

> Our interests are identical, and having no other ends to serve than to do our duty faithfully to the public at large, we are in a position to discuss the various questions coming before us calmly, soberly, and in a spirit of absolute fair-dealing as between ourselves as officers, the depositors we represent, the Banking Department at Albany, and the Legislature of the State, which properly controls and governs the management of the institutions we serve.

The subject of investments had long troubled some of the wisest and most experienced Savings Bank men throughout the country, but in order to accomplish any results with the Legislature, in whose hands rested the decision of this vital matter, it was generally recognized that there must be concerted action. When a committee of Savings Bank men appeared before a legislative committee making any requests, the exceedingly practical law-makers were likely to inquire whom they represented and by what authority they came, and it was seen that if they spoke for an organization representing the great majority of the Savings Banks of the State, their requests would be much more likely to receive careful consideration than if they emanated from some particular locality, even though that locality were the great City of New York. A few individual though powerful bankers from the metropolis could hardly be said to represent the sentiment of the entire State.

Another consideration in favor of organizing the Savings Banks of the State was the advantage of at least annual

meetings at which valuable as well as pleasant friendships could be formed and ideas exchanged as to various features of their important duties to the public and to themselves. Indeed, there seemed every reason for organization and none against.

At the meeting referred to, on May 26, 1892, fifty-one banks were represented by one or more officers of the respective institutions, and letters were received from twenty-three others, approving of the meeting and endorsing its objects. Thus the conference was fairly representative. Its success was so marked that the additional steps toward permanent organization for general purposes were not only logical, but easily taken.

The year immediately preceding that of the organization of the Savings Banks Association of the State of New York was one of never-to-be-forgotten stress in financial circles—the panic year of 1893. The disturbed condition of the finances of the country, the many bank and business failures, the "endless chain" of redemption in gold of currency notes, of which there were five hundred million outstanding (with no provision for cancellation when once redeemed), the compulsory purchase by the Government of four and a half million ounces of silver per month, the dangerous depletion of the gold reserve, the widespread industrial depression, and the hoarding of money, especially of gold—all these factors combined to make this period one of the most disastrous in the country's history.

ENLARGED SCOPE OF INVESTMENTS NECESSARY

Much was done by means of the preliminary organization of the Savings Banks of the State to avert a crisis far more disastrous than that which actually occurred. The knotty problem of investments was taken up with zeal, and a committee appointed to prepare an amendment to the existing law permitting Savings Banks to invest in the bonds of seven specified cities of this State. It was only after six years of unremitting effort that a partial measure of relief for the Savings Banks of the State was obtained

in the passage of the so-called Bloodgood bill. Savings Bank depositors in the State already numbered 1,600,000, with deposits of over six hundred millions of dollars. The rapid increase in the volume of deposits, being more than $40,000,000 in the year 1893, rendered the enlargement of the scope of investments absolutely necessary if the then existing rates of interest to depositors were to be continued. The amount of municipal securities held by the Savings Banks of the State on the first of January, 1893, exceeded $152,000,000.

In addition to the work of the committee in the direction referred to, they gave careful attention to such other bills affecting Savings Banks as were introduced in the Legislature from time to time. Among these was one providing for the taxation of all deposits in excess of $500; another levying a tax of one-half of one per cent. upon all loans upon real estate secured by mortgage, and still another requiring the banks to furnish the State Banking Department with all the details in their possession relating to so-called "dormant accounts," and the immediate payment of all such accounts into the treasury of the State. These are fair samples of the baneful class of bills that were constantly coming up in the Legislature. Some, no doubt, were honestly introduced and promoted; many others were highly questionable of motive. The committee pointed out the fact that constant vigilance would be required to prevent the passage of such laws, which would only result in imposing still greater burdens upon the debtor class and lead to serious injury of the interests of Savings Bank depositors.

At a meeting of officers of Savings Banks of the State held on June 15, 1894, Mr. James McMahon again presiding, a report was received from the executive committee favoring the formation of an association, and if considered advisable, the incorporation of the same. (The association never was incorporated.) This committee consisted of John Harsen Rhoades, chairman; William C. Sturges, James McMahon, A. C. Miller, J. Howard King, and

Andrew Mills; William G. Conklin, secretary to the committee.

Full discussion of the proposition resulted in a unanimous agreement that an organization representing every Savings Bank in the State would be powerful for good, and a plan was therefore recommended somewhat similar to that of the American Bankers Association, a highly successful organization of nation-wide influence. A proposed constitution was submitted at this meeting, of which copies had previously been sent out to every Savings Bank in the State, and after full discussion the same was adopted, without objection.

THE FIRST OFFICERS CHOSEN

At this first convention, the nominating committee, consisting of Messrs. J. Howard King, president Albany Savings Bank; Samuel R. Rainey, secretary-treasurer Hudson City Savings Institution; and Constant A. Andrews, president United States Savings Bank, New York City, reported in favor of the following officers, who were unanimously chosen:

John Harsen Rhoades, president; President, Greenwich Savings Bank, New York.

James McMahon, vice-president; President, Emigrant Industrial Savings Bank (also recommended for Chairman of the Executive Committee).

William G. Conklin, secretary; Secretary, Franklin Savings Bank, New York.

Andrew Mills, treasurer; Trustee, Dry Dock Savings Bank, New York.

Executive Committee: William C. Sturges (Chairman), President, Seamen's Savings Bank, New York; A. C. Miller, Treasurer, Utica Savings Bank; Samuel R. Rainey, Secretary and Treasurer, Hudson City Savings Institution; J. Howard King, President, Albany Savings Bank; Ed. S. Dawson, President, Onondaga Savings Bank, Syracuse.

Members *ex officio:* John Harsen Rhoades, James McMahon, Andrew Mills, William G. Conklin.

Thirty-nine Savings Banks were represented at this initial meeting; at the second annual convention the num-

ber had increased to fifty-two. There were eighty-eight banks co-operating in the temporary organization, all but three of which subsequently joined the permanent organization, which, with thirteen additional ones, made the total membership ninety-eight. On the first of July, 1916, there were 141 Savings Banks doing business in the State, all of the Mutual or Trustee type, of which 134 are members of the Savings Banks Association of the State of New York.

One of the most important functions of the association ever since its organization has been the vigilant watching of proposed legislation affecting Savings Banks and their depositors, through the legislative committee, whose efforts have been constant and unremitting.

GROUP SYSTEM INAUGURATED

At the eighteenth annual convention, a committee was appointed, consisting of Mr. Andrew Mills, Mr. Charles A. Miller and Mr. Frederic B. Stevens, to revise the by-laws of the association, more particularly so as to embody the so-called group system. This was in recognition of the feeling in some quarters that the association was perhaps too much of a close corporation, especially as to the composition of the executive committee, and that an opportunity was not afforded the up-State members, especially, to participate in the discussions and to assist in arriving at conclusions regarding Savings Bank management.

The proposed amendment called for five groups, as follows:

Group 1.	16	counties,	12	banks,	and	deposits	$161,000,000
Group 2.	15	"	20	"	"	"	109,000,000
Group 3.	23	"	34	"	"	"	178,000,000
Group 4.	2	"	42	"	"	"	878,000,000
Group 5.	5	"	32	"	"	"	291,000,000

At the nineteenth convention the report of this committee was received, and after a spirited debate it was adopted by a decisive majority. It seems to be the well-nigh universal opinion of the members that the plan has worked well, and that by reason of its adoption the organization has taken on a new lease of life and usefulness.

Each year, the respective groups elect their officers, to serve for the period of one year. For the year 1915–16 they were as follows:

GROUP No. 1

Elected October 20, 1916, to serve one year.

Chairman—Cassius C. Davy, Attorney East Side Savings Bank, Rochester.

Secretary—Franklin W. H. Becker, Secretary and Treasurer Western Savings Bank, Buffalo.

Treasurer—H. S. Hanford, Treasurer Rochester Savings Bank, Rochester.

EXECUTIVE COMMITTEE

John P. Dolan, Treasurer Niagara County Savings Bank, Niagara Falls.

George D. Whedon, Secretary and Treasurer Geneva Savings Bank, Geneva.

Wilmot Castle, Secretary and Treasurer Mechanics Savings Bank, Rochester.

John M. Satterfield, Member *Ex-officio*.

GROUP No. 2

Elected June, 1916, to serve one year.

Chairman—Isaac L. Hunt, President Watertown Savings Bank, Watertown.

Secretary—W. B. Couch, Treasurer Oswego County Savings Bank, Oswego.

Treasurer—William H. Meaker, Treasurer Cayuga County Savings Bank, Auburn.

EXECUTIVE COMMITTEE

Samuel H. Beach, President Rome Savings Bank, Rome, also *Ex-officio*.

William S. Downer, Treasurer Auburn Savings Bank, Auburn.

Asbury C. Deyo, Treasurer Binghamton Savings Bank, Binghamton.

GROUP No. 3

Elected July 13, 1916, to serve one year.

Chairman—S. Mitchell Rainey, Treasurer Hudson City Savings Institution, Hudson.

Secretary—John B. Alliger, Treasurer Ulster County Savings Institution, Kingston.

Treasurer—Charles E. French, Treasurer Amsterdam Savings Bank, Amsterdam.

EXECUTIVE COMMITTEE

Allen W. Johnston, Treasurer Schenectady Savings Bank, Schenectady.
Marcus T. Hun, President Albany Savings Bank, Albany.
Charles E. Hanaman, President Troy Savings Bank, Troy (deceased).
Martin T. Nachtmann, Member *Ex-officio.*

GROUP NO. 4

Elected July 13, 1916, to serve one year.
Chairman—George E. Edwards, President Dollar Savings Bank, New York City.
Secretary—William H. Rockwood, President Union Square Savings Bank, New York City.
Treasurer—Edward E. Young, Treasurer Peekskill Savings Bank, Peekskill.

EXECUTIVE COMMITTEE

John J. Pulleyn, President Emigrant Industrial Savings Bank, New York City.
James Quinlan, President Greenwich Savings Bank, New York City.
William J. Roome, President Excelsior Savings Bank, New York City.
Henry A. Schenck, Member *Ex-officio.*

GROUP NO. 5

Elected October, 1916, to serve one year.
Chairman—Eugene F. Barnes, President East Brooklyn Savings Bank, Brooklyn.
Secretary—Henry Stumpf, Cashier German Savings Bank, Brooklyn.
Treasurer—George W. Felter, Secretary Green Point Savings Bank, Brooklyn.

EXECUTIVE COMMITTEE

Charles M. Blydenburgh, President Riverhead Savings Bank, Riverhead.
Jarvis S. Hicks, Secretary Long Island City Savings Bank, Long Island City.
Victor A. Lersner, Comptroller Williamsburgh Savings Bank, Brooklyn.
Hollis H. Searles, Member *Ex-officio.*
Walter S. Rose, Member *Ex-officio.*

In the twenty-two years of its existence, the Savings Banks Association of the State of New York has been

privileged to hear from some of the most eminent men of the country in the fields of banking, economics and finance, such as Prof. William G. Sumner, of Yale; former Comptroller of the Currency, William L. Trenholm; Hon. Horace White, of Syracuse; Hon. Wheeler H. Peckham and Hon. Stewart L. Woodford, of New York; Hon. Carroll D. Wright and Col. William Carey Sanger, of Washington; Col. Thomas Wentworth Higginson and Hon. Edward Atkinson, of Boston; former Secretary of the Treasury Charles S. Fairchild; Judge M. L. Crawford, of Dallas, Texas; Hon. E. J. Hill, of Connecticut; Prof. Woolsey M. Stryker, of Hamilton College; Frank A. Vanderlip, Pierre Jay, William Frederick Dix, and many others.

In its printed proceedings will be found many valuable contributions to the Savings Bank literature of the country and to the great economic problems that have confronted and still confront the statesmen, financiers and economists of the land.

Without the slightest disparagement of the efforts and services of others identified with the Savings Banks Association of the State of New York, it can be said with truth that its father was John Harsen Rhoades, Sr.

When, after several years of occasional meetings of Savings Banks officers, for the purpose of discussing such matters of interest as might be brought before them, it became evident that a much closer, more comprehensive and more formal organization was needed, as with one accord these pioneers turned to Mr. Rhoades and chose him as their president, in the year 1894. For five successive years he was re-elected, serving with great acceptability, and it was much to the regret of every member of the association that he refused, on account of failing health, to longer act in that capacity. Much was accomplished during Mr. Rhoades's incumbency; he was unfailing in his loyalty to the association and untiring in his efforts in its behalf and in behalf of the great army of depositors whom it served.

To use the appropriate language of the committee, consisting of Messrs. Mills and Felsinger, appointed to prepare

a minute in reference to the death of Mr. Rhoades: "As the Savings Banks increased in resources, it became evident that the scope of investment as provided in the law of 1875 must be changed to meet the new conditions. For years efforts had been made to bring this about, but without success, until the bank officers were ready to abandon the idea in despair. Mr. Rhoades never faltered, and each failure only served to spur him to renewed effort, until finally the bill admitting the bonds of certain cities in other States than New York was passed, and a measure of relief to the banks afforded. Many other amendments to the Savings Bank Law were secured by the association during Mr. Rhoades's active connection with it, due in no small measure to his personal effort. Mr. Rhoades was a broad-minded man, of excellent judgment, strong in the defense of what he deemed right, and fearless in his denunciation of wrong. The Savings Banks Association is indebted to Mr. Rhoades for much, and places upon its records this minute in grateful recognition of his service and in loving remembrance of the man."

OFFICERS SINCE ORGANIZATION

Presidents: James McMahon, 1893; John Harsen Rhoades, 1894–1899; Andrew Mills, 1900–1901; Charles A. Schieren, 1902–1903; Wm. B. Van Rennsselaer, 1904–1907; Charles A. Miller, 1908; Thomas M. Mulry, 1909; Charles E. Hanaman, 1910–1911; Harold P. Brewster, 1912; Edwin P. Maynard, 1913 (resigned); William Felsinger, 1913; James H. Manning, 1914–5; Henry A. Schenck, 1916.

First Vice-Presidents: James McMahon, 1893–1905; Edward S. Dawson, 1906; Walter Trimble, 1907–1912; William Felsinger, 1913; Henry A. Schenck, 1914–5; John M. Satterfield, 1916.

Second Vice-Presidents: Edward S. Dawson, 1900–1905; Charles E. Hanaman, 1906–1909; William Felsinger, 1910–1912; Robert S. Donaldson, 1913; John M. Satterfield, 1914–15; Samuel H. Beach, 1916.

Third Vice-Presidents: Charles E. Hanaman, 1900–1905; Thomas M. Mulry, 1906–1908; William Felsinger, 1909; Robert S. Donaldson, 1910–1912; Clinton T. Rose, 1913; Samuel H. Beach, 1914–15; Martin T. Nachtman, 1916.

Secretaries: William G. Conklin, 1893–1907; William F. Pat-

terson, 1908; Jonathan B. Currey, 1909; Frederic B. Stevens, 1910–1913; Hollis H. Searles, 1914–16.

Treasurers: Andrew Mills, 1894–1899; Jonathan B. Currey, 1900–1901; Samuel D. Styles, 1902–1909; Samuel D. Styles, and Frank M. Hurlbut, 1910; Frank M. Hurlbut, 1911; William H. Rockwood, 1912–1913; Walter S. Rose, 1914–16.

Counsel: Charles Addison Miller, 1908–1916.

BANKING LAW REVISION

The review of the labor and achievements of a century would be incomplete without reference to the revision of the Banking Laws of the State of New York, which was accomplished in the year 1914. The Commission, which was appointed by Supt. George C. Van Tuyl, Jr., pursuant to the provisions of Chapter 705 of the Laws of 1913, as amended by Chapter 3, Laws of 1914, made its report to the Legislature on February 26, 1914. The Commission was constituted as follows:

A. Barton Hepburn, president Chase National Bank, New York, chairman; Frank M. Patterson, attorney, New York, vice-chairman; Charles L. Bernheim, merchant, New York City; Louis Goldstein, assistant district attorney, Kings County, Brooklyn; John H. Gregory, vice-president Central Bank, Rochester; Frank E. Howe, president Manufacturers' National Bank, Troy; Joseph French Johnson, a member of the faculty of New York University; Herbert H. Lehman, private banker, New York City; Randall J. LeBoeuf, former Judge of the Supreme Court, Albany; Elliott C. McDougall, president Bank of Buffalo; Edwin P. Maynard, president Brooklyn Trust Company; Jeremiah T. Mahoney, judge, New York City; Charles A. Miller, president Savings Bank of Utica; John J. Pulleyn, comptroller Emigrant Industrial Savings Bank, New York City; John Harsen Rhoades, trustee Greenwich Savings Bank, New York City; Leopold Stern, merchant, New York City.

The secretary of the Commission was Edwin F. Rorebeck, and the counsel were John DeWitt Warner and George W. Morgan, both of New York City, and George I. Skinner, the latter, since March 1, 1897, First Deputy Superin-

tendent of Banks, being able to serve the Commission through a leave of absence granted him for that purpose by the Superintendent of Banks.

The Commission granted hearings to the various interests affected, and in order to give the widest possible publicity to the proposed changes in the law, and to invite helpful criticism, redrafts of the different articles of the proposed new Banking Law were submitted from time to time to the representatives of these interests. The law, which is known as the Consolidated Banking Law, is expressed in clear, concise language and is drawn with the greatest care, terms being defined whenever definition was deemed necessary to a complete understanding of its provisions.

The Legislature at once passed, and the Governor signed the new revision, which became Chapter 2, of the Consolidated Laws. Each article is intended to be complete in itself. In many respects this new law is regarded as a model of its kind.

SYNOPSIS OF NEW YORK'S BANKING LAW

A synopsis of the law so far as it relates to Savings Banks (Article VI), is appended:

No Savings Bank may be organized in this State without the written consent of the Superintendent of the Banking Department, and he must be satisfied of its necessity and that there is a reasonable prospect of its adequate support; also that the contributions to the initial guarantee and expense funds have been paid in cash. The Superintendent is required to endorse the preliminary certificate, within sixty days of its filing, either with his approval or disapproval. When authorized, not less than nine nor more than thirty persons may form a corporation to be known as a Savings Bank; complete statistics and facts must be furnished to the Department. Such persons must be citizens of the United States, at least four-fifths of them must be residents of this State, and at least two-thirds of them must be residents of the county wherein the business of the bank is to be conducted. Notice of intention to organize must be filed in the office of the Superintendent within sixty days after its execution, and must be published as designated by the Superintendent and a copy served upon each Savings Bank organized and doing business in the village, borough or city wherein it is proposed to be located. The proposed incorporators are also required to form an

initial guarantee fund, and an expense fund, both of $5,000 in amount, and are required in addition to agree to make such further and additional payments to these funds as may be deemed necessary by the Superintendent. These funds may be returned after the organization of the bank when certain conditions have been complied with.

The investment of deposits and guarantee fund is strictly guarded. It can only be in the stocks or bonds or interest-bearing obligations of the United States or those for which the faith of the United States is pledged to provide for the payment of the interest and principal, including the bonds of the District of Columbia; in the stocks or bonds or interest-bearing obligations of the State of New York, issued pursuant to any law of the State; in the stocks, bonds or interest-bearing obligations of any State of the United States under certain restrictions as to past defaults; in the stocks or bonds of cities, towns, counties, villages, school districts or poor districts of this State, that were issued pursuant to law and that the faith and credit of the municipality or district that issued them are pledged for their support; in the stocks or bonds of incorporated cities in the United States, under certain restrictions; in bonds and mortgages on unincumbered real property situated in this State, to the extent of 60 per cent. of the appraised value thereof, but not more than 65 per cent. of the whole amount of deposits and guarantee fund shall be so loaned or invested; in the bonds of railroad corporations under certain restrictions. (These are fully explained in the chapter on the history and development of the law relating to investments in railroad bonds.) Not more than 25 per cent. of the assets of any Savings Bank are permitted to be loaned or invested in railroad bonds. Street railroad corporations are not considered railroad corporations within the meaning of this section.

Investments may also be made in promissory notes payable to the order of the Savings Bank on demand, secured by the pledge and assignment, if necessary, of the stocks or bonds or any of them enumerated in the railroad subdivision, but no such loan shall exceed 90 per cent. of the cash market value of such securities so pledged. Investment is also permitted in real estate under certain restrictions, one of which is that the cost of plot and building or buildings for the transaction of the business of the bank shall in no case exceed 25 per cent. of the guarantee fund of such bank, except with the approval of the Superintendent of Banks. Every parcel of real estate owned and not occupied by the Savings Bank as an office shall be sold within five years from the date on which it was acquired.

No Savings Bank is permitted to borrow money or pledge or hypothecate any of its securities except with the written approval of the Superintendent of Banks and in pursuance of a resolution adopted by vote of a majority of its board of trustees, duly entered upon the

minutes by ayes and nays. No stocks or bonds shall be entered upon the bank's books at more than the actual cost thereof or shall be carried for more than a year at a valuation exceeding their present cost as determined by amortization. All real estate must be carried on the bank's books at figures representing actual cost. Each Savings Bank is required to conform its methods of keeping books and records to the orders of the Superintendent.

Individual deposits are limited to $3,000 (exclusive of dividends), and those of societies or corporations to $5,000. Any Savings Bank is also permitted to further limit the aggregate amount which an individual, society or corporation may deposit, to such sum as it may deem expedient to receive, and may, in its discretion, refuse to receive a deposit or at any time return all or any part of any deposit.

It is required that all sums deposited shall be repaid on demand, with the proviso that the bank may, at any time, by resolution of its board of trustees require a notice of sixty days before repaying deposits. Such deposits, if not withdrawn within fifteen days after the expiration of the sixty days' notice, shall not then be due or payable under such notice or by reason thereof.

Banks are permitted to keep on hand or on deposit in other banks an available fund not exceeding 20 per cent. of the aggregate amount credited to its depositors, and are also required to have a guarantee fund, for the security of depositors and to meet any contingency or loss in business from depreciation of securities or otherwise.

Elaborate provision is made for the calculation of earnings for dividend periods and for deductions from net earnings for the guarantee fund. The rate of interest cannot exceed 5 per cent. per annum. For all dividends declared and credited in excess of profits earned, the trustees voting for such dividend shall be jointly and severally liable.

The trustees of any Savings Bank whose undivided profits and guaranty fund amount to more than 25 per cent. of the amount due depositors, are required, at least once in three years to divide equitably the accumulation beyond such 25 per cent. as an extra dividend to depositors.

No bank is permitted to change its place of business without the written consent of the Superintendent of the Banking Department.

Each board of trustees shall consist of not less than nine nor more than thirty members. A person shall not be a trustee of a Savings Bank if he (a) is not a resident of the State of New York (provided, however, that one-fifth of the trustees of any Savings Bank in the city of New York may be residents of a State which adjoins said city; (b) has been adjudged a bankrupt or has taken the benefit of any insolvency law, or has made a general assignment for the benefit of his creditors; (c) has suffered a judgment recovered against him for a sum of money to remain unsatisfied of record or unsecured

on appeal for a period of more than three months; (d) is a trustee, officer, clerk or other employee of any other Savings Bank.

Provision is made for regular meetings of the board of trustees at least once a month, and for written reports to each trustee at each regular meeting, or to an executive committee of not less than five members of the board, of the purchases and sales of all securities and of every loan made since the last meeting of the board, with description of collateral.

Except as to those trustees acting as officers of a bank, or performing special duties under certain subdivisions of the Banking Law, no trustee is permitted to receive, directly or indirectly, any pay or emolument for his attendance at meetings of the board, or for any other service as trustee, except as in the act provided. (An attorney for a Savings Bank, although he may be a trustee, is permitted to receive a reasonable compensation for his professional services.)

The restrictions upon officers and trustees are severe and rigid. They are prohibited from borrowing any funds or deposits of the bank, either directly or indirectly, or from becoming the owner of real property upon which the Savings Bank holds a mortgage; they shall not become a member of the board of directors of a bank, trust company or national banking association of which board enough other trustees of the Savings Bank are members to constitute with him a majority of the board of trustees.

Provision is made for the removal or forfeiture of office of trustees whenever in the judgment of three-fourths of the trustees the conduct and habits of such trustees are of such a character as to be injurious to such Savings Bank; such action to be approved by the Superintendent of Banks.

Provision is made for the pensioning of officers and employees under certain restrictions, for example, after a service of thirty years, or after a service of twenty years or more with physical or mental incapacity, or one who shall have served twenty years or more and shall have reached the age of sixty years. The maximum annual amount paid to pensioners shall in no case exceed 60 per cent. of the average annual salary of such pensioner.

Banks are required to make semi-annual reports to the Superintendent, the contents of such reports being minutely specified in the law. Severe penalty is imposed for failure to make such reports promptly.

Annual reports, on or before the first day of September, are required on dormant accounts, and also their publication in the newspaper in the place where the bank is located, as well as in a newspaper in Albany in which notices by State officers are required by law to be published.

Advertisements of unauthorized Savings Banks and the use of the

word "savings" except by regularly incorporated Savings Banks, are prohibited under very severe penalties, the only exception being as to school savings.

CENTRAL BANKING COUNCIL ORGANIZED

After several conferences attended by a number of prominent representatives of the New York State Banking system, an organization of a Central Council of nine members, endorsed by the Superintendent of Banks, was perfected in March, 1916. This is primarily in the interest of the public and will mean much in the future concerning the introduction of amendments to the banking law, or imposing any legislation which may seem unwise. There are two hundred banks of discount, one hundred forty-one savings banks, and eighty trust companies, a total of four hundred twenty-one institutions, with aggregate resources of nearly $5,000,000,000. The new organization, though small, undoubtedly will be able to work effectively for the best interests of all state banks. Its personnel is as follows: Discount Banks: Elliot C. MacDougal, president Bank of Buffalo; Paul E. Bonner, president North Side Bank, Brooklyn; John H. Gregory, president of the Central Bank of Rochester. Savings Banks: James H. Manning, president National Savings Bank, Albany; Charles A. Miller, president Savings Bank of Utica; John J. Pulleyn, president Emigrant Savings Bank of New York. Trust Companies: Arthur W. Loasby, president Trust and Deposit Company of Onondaga, Syracuse; F. I. Kent, vice-president Bankers Trust Company of New York; Mortimer Buckly, president New York Trust Company.

The officers of the Central Council are: Elliot C. MacDougal, chairman; James H. Manning, vice-chairman; Arthur W. Loasby, secretary.

CHAPTER XXV

THE SAVINGS BANK CENTENARY

Appropriately Celebrated in the City of New York, May 17, 1916—More than Five hundred Present at Celebration, Convention and Dinner—Guests from Other States, but None from Europe—High School Prize Essay Contest—Many Messages of Encouragement and Congratulation Received from Abroad—The Addresses in Epitome.

THE celebration by the Savings Banks Association of the State of New York of the Centenary of Savings Banks in America, was held at the Hotel Biltmore, New York City, on Wednesday, May 17, 1916. There was a large and distinguished attendance, including representatives of Mutual Savings Banks from various States, more especially New England and the East.

The event had been looked forward to by those connected with the Savings Banks of the country, and particularly of the State, with the keenest interest.

The matter had been broached as far back as the year 1911, by the introduction of a resolution in the Savings Banks Association of the State of New York by Victor A. Lersner, of the Williamsburgh Savings Bank, Brooklyn, but no affirmative action was taken until the year 1915, when the executive officers of the association decided to celebrate the event in a manner befitting its national and international importance.

As planned by the committee of arrangements, the celebration proper was followed by a dinner in the evening at the Biltmore, one of the most famous of the great hostelries of the metropolis. The splendid banquet hall, one of the largest in the world, proved none too spacious to accommodate the diners, who, with their guests, numbered more than five hundred.

List of those present at the Centenary Celebration and

banquet on May 17, and the convention on May 18, of the Savings Banks Association of the State of New York:

Albany City Savings Institution, Albany—Wm. S. Hackett, Treasurer; Frank H. Williams, Asst. Treasurer.

Albany County Savings Bank, Albany—Henry H. Kohn, Secretary.

Albany Exchange Savings Bank, Albany—Martin T. Nachtmann, President.

Albany Savings Bank, Albany—Marcus T. Hun, President; Thos. I. Van Antwerp, Vice-President; Henry D. Rodgers, Treasurer; Edward N. McKinney, Trustee.

American Savings Bank, Buffalo—John M. Satterfield, President; Charles J. Fix, 1st Vice-President.

American Savings Bank, New York City—Wm. M. Campbell, President; Wm. M. Hazelton, Treasurer; John V. Irwin, Counsel.

Amsterdam Savings Bank, Amsterdam—Charles E. French, Treasurer; Cornelius Van Buren, Robert J. Lindsay, Trustees.

Auburn Savings Bank, Auburn—D. M. Dunning, President; Wm. S. Downer, Treasurer; Hobart L. Romig, Trustee.

Bank for Savings, New York City—Lewis B. Gawtry, Secretary; August Belmont, Trustee; Edward W. Ryan, guest.

Bank for Savings, Ossining—S. G. Ellegood, Secretary; G. S. Hilliker, Trustee.

Bay Ridge Savings Bank, Brooklyn—Thomas J. Dowling, Cashier; Peter N. Meinke, Trustee.

Binghamton Savings Bank, Binghamton—Charles W. Gennet, President; A. C. Deyo, Treasurer; E. W. Stone, Teller.

Bowery Savings Bank, New York City—Henry A. Schenck, President; Wm. E. Knox, Comptroller; Wm. A. Nash, Vice-President; Jos. G. Liddle, Secretary; Stephen Baker, G. H. Robinson, I. Wyman Drummond, W. Hull Wickham; Chas. H. Tenney, Richard M. Hoe, H. Blanchard Dominick, Trustees; Edw. W. Coggeshall, Samuel S. Dennis, Alex. S. Ward, Joseph Byrne, Louis V. Bright, Wynant D. Vanderpoel, Walter H. Bennett, T. Wilbur Spear, guests.

Bronx Savings Bank, New York City—Wm. B. Aitken, President; T. Tasso Fischer, Comptroller; Wm. E. Stevens, Treasurer.

Brooklyn Savings Bank, Brooklyn—Crowell Hadden, President; Laurus E. Sutton, Comptroller; Francis L. Noble, Trustee.

Buffalo Savings Bank, Buffalo—E. C. Townsend, President; F. X. Wanenmacher, Treasurer.

Bushwick Savings Bank, Brooklyn—Jere E. Brown, President; George W. Schaedle, Vice-President; George J. Merked, Cashier; Theophile Thonet, C. H. Tiebaut, Jr., Trustees; Harold E. Brown, guest.

Catskill Savings Bank, Catskill—W. I. Jennings, President; Addison P. Jones, Trustee.

Cayuga County Savings Bank, Auburn—W. H. Meaker, Treasurer.

Citizens Savings Bank, New York City—Chas. H. Clark, Vice-President; Henry Sayler, Secretary; C. E. Rogers, B. G. Coles, Jr., Trustees.

City Savings Bank, Brooklyn—Remsen Rushmore, President; H. V. Raymond, Secretary.

Cohoes Savings Institution, Cohoes—Jas. W. Ablett, Vice-President; Geo. R. Wilsdon, Vice-President; Chas. R. Ford, Treasurer.

College Point Savings Bank, College Point—Edwin P. Roe, Vice-President; Geo. W. Gillette, Secretary.

Commonwealth Savings Bank, New York City—John H. Boschen, President; Chas. S. Gaubert, Secretary.

Cortland Savings Bank, Cortland—Benj. L. Webb, Treasurer; L. P. Bennett, Trustee.

Dime Savings Bank, Brooklyn—Russell S. Walker, Treasurer; George T. Moon, Vice-President; F. W. Jackson, Secretary; N. T. Thayer, Frank H. Parsons, James L. Brumley, Frank L. Crawford, Eugene W. Sutton, Trustees.

Dime Savings Bank of Williamsburgh, Brooklyn—Wm. P. Sturgis, President; C. L. Lowes, Treasurer; John Hoerle, Corbett McCarthy, Trustees.

Dollar Savings Bank, New York City—Geo. E. Edwards, President; Brian G. Hughes, Vice-President; William M. Kern, Treasurer; Harry F. Regal, Secretary; Jas. M. LaCoste, John S. Hanson, Geo. M. Mackellar, Chas. P. Faber, Chas. W. Bogart, Wm. S. Beckley, Fred A. Wurzbach, Samuel Trimmer, Joseph B. Hare, Trustees.

Dry Dock Savings Institution, New York City—Andrew Mills, President; Samuel Webster, Secretary; Frederick Zittel, W. M. Bennett, Walter E. Frew, Richard T. Davies, Wm. S. Gray, Trustees.

East Brooklyn Savings Bank, Brooklyn—Eugene F. Barnes, President; David Morehouse, Treasurer; Edgar J. Phillips, Trustee.

Eastern District Savings Bank, Brooklyn—Lewis E. Meeker, President; Homer L. Bartlett, Vice-President; A. Manning Shevill, Cashier; Chas. Jacobs, H. L. Gaus, Trustees.

East New York Savings Bank, Brooklyn—C. W. Colyer, Vice-President; John M. Linz, Treasurer; Rudolph Reimer, Trustee.

East Side Savings Bank, Rochester—Cassius C. Davy, Trustee.

Emigrant Industrial Savings Bank, New York City—John J. Pulleyn, President; Myles Tierney, Vice-President; Louis V. O'Donohue, Secretary; John S. Daly, Deputy Comptroller; Wm. Harkness, Joseph P. Grace, John D. Ryan, Jas. Clarke,

John J. Deery, C. V. Fornes, Trustees; John T. Brennan, Edward O'Gorman, Richard O'Gorman, Edw. J. McGuire, Thos. J. O'Reilly, Jos. E. Owens, Hugh G. Connell, James Donohue, Very Rev. J. J. Hughs, Robt. L. Hoguet, guests.

Empire City Savings Bank, New York City—John Beaver, President; Arthur S. Van Winkle, Secretary.

Erie County Savings Bank, Buffalo—Robert S. Donaldson, President; G. Barrett Rich, Vice-President; Whitney G. Case, George C. Ginther, George L. Williams, Trustees.

Excelsior Savings Bank, New York City—W. J. Roome, President; W. H. Barron, Vice-President; John Burke, Vice-President; John C. Griswold, Secretary; Arthur Plage, Asst. Secretary; J. C. Gulick, H. D. Brewster, Henry Dazian, S. S. DeLano, Michael Coleman, Chas. H. Class, B. A. Hegeman, Jr., Wm. Crawford, E. M. Youmans, Trustees.

Flatbush Savings Bank, Brooklyn—H. B. Hawkins, President; Daniel A. Bentien, Secretary; H. B. Davenport, Trustee.

Franklin Savings Bank, New York City—Wm. G. Conklin, President; Wm. H. Van Kleeck, Wm. H. Porter, Theo. Hetzler, T. Frank Manville, Wilson M. Powell, Trustees.

Fulton Savings Bank, Fulton—Harry L. Stout, Treasurer; Albert I. Morton, Trustee.

German Savings Bank, Brooklyn—Charles Froeb, President; Henry Stumpf, Secretary.

German Savings Bank, New York City—Hubert Cillis, President; Adolph Koppel, Treasurer; Carl Goepel, Oscar F. Zollikoffer, Adolf Kuttroff, Fritz Achelis, F. T. Fleitmann, George S. Runk, Louis Watjen, Trustees.

Germania Savings Bank, Brooklyn—A Goepel; President; Oscar A. Thomas, Treasurer; T. E. Hodgskin, Trustee.

Goshen Savings Bank, Goshen—A. V. D. Wallace, Vice-President; Henry B. Knight, Treasurer.

Greater New York Savings Bank, Brooklyn—C. J. Obermayer, President; Alex. G. Calder, 1st Vice-President; Wm. K. Cleverley, 2nd Vice-President; Wm. Obermayer, Secretary; John E. Ruston, Attorney; Hamilton B. McNair, John Lamont, Guy Loomis, Raymond H. Fiero, Harry M. DeMott, Frederick W. Starr, Trustees.

Greenburgh Savings Bank, Dobbs Ferry—W. Ward Tompkins, President; W. H. Losee, Secretary.

Green Point Savings Bank, Brooklyn—George W. Felter, Secretary; Frank S. Harlow, Asst. Secretary; Wm. B. Cater, Trustee.

Greenwich Savings Bank, New York City—James Quinlan, President; Chas. L. Seibert, Asst. Treasurer; F. Eugene Cobb, Asst. Treasurer; Hubert E. Brower, Asst. Treasurer; L. DeG.

Quackenbush, Asst. Comptroller; Walter H. Lyman, Geo. F. Ladue, Edward N. Tailer, Chas. F. Noyes, John Harsen Rhoades, Trustees.

Hamburg Savings Bank, Brooklyn—David Engel, President; Robert E. Moffett, Vice-President; Geo. C. Unbescheiden, Secretary.

Harlem Savings Bank, New York City—William E. Trotter, President; Granville F. Dailey, Vice-President; John J. Bell, Vice-President; Thomas R. Ebert, Secretary; Wm. Somerville, Frank E. Wise, John F. Steeves, Walter P. Silleck, Olin J. Stephens, Warren A. Leonard, Ransom E. Wilcox, Trustees.

Home Savings Bank, Albany—Thomas Austin, President; W. F. Hourigan, Treasurer.

Home Savings Bank, Brooklyn—Marshall W. Gleason, President; Vernon M. Powell, Cashier; J. Roscoe Hazelwood, Trustee.

Home Savings Bank, White Plains—David Cromwell, President; H. S. Hamilton, J. T. Lockwood, Vice-Presidents; John F. Krepps, Secretary; A. T. Shaw, Asst. Secretary; H. R. Barrett, C. J. F. Decker, H. P. Griffin, J. F. Horan, C. D. Horton, Harvey Husted, Wm. H. Lyon, Aaron Radick, Edw. Schirmer, Thos. Simpson, Stephen C. Smith, Trustees.

Hudson City Savings Institution, Hudson—C. A. Van Deusen, President; S. Mitchell Rainey, Treasurer; Noah H. Browning, Trustee.

Irving Savings Institution, New York City—H. E. Tener, President; S. S. Conover, J. W. Nix, J. O. Williams, W. H. Frame, G. N. Robinson, Trustees.

Italian Savings Bank, New York City—Jos. N. Francolini, President; John E. Wayland, Vice-President; Domenico Saladino, Vice-President; Pasquale I. Simonelli, Secretary; Nicholas J. Barrett, Antonio Pisani, Bernard J. McCann, Trustees.

Ithaca Savings Bank, Ithaca—Roger B. Williams, President; Roger B. Williams, Jr., Trustee.

Jamaica Savings Bank, Jamaica—William W. Gillen, 1st Vice-President; Leander B. Faber, William L. Wood, Robert W. Higbie, Edgar D. Shimer, A. James Van Siclen, Trustees.

Jefferson County Savings Bank, Watertown—Henry Purcell, President; A. T. E. Lansing, Secretary and Treasurer.

Kings County Savings Bank, Brooklyn—Hubert G. Taylor, President; J. Carlisle Loudon, Alfred Hodges, Vice-Presidents; Augustus P. Day, Edw. McGarvey, Wm. C. Carrick, Cornelius E. Donnellon, Jas. R. Brennan, Wm. W. Taylor, S. A. Coykendall, Robt. Liptrott, Jacob C. Klinck, Walter Mathison, Trustees.

Kingston Savings Bank, Kingston—Charles Tappen, Treasurer.

Long Island City Savings Bank, Long Island City—W. J. Burnett, President; Benj. Moore, Vice-President; J. S. Hicks, Secretary;

A. T. Payne, J. H. Smedley, D. G. Morrison, George Frew, Trustees.

Maiden Lane Savings Bank, New York City—Joel S. DeSelding, Vice-President; J. Heynen, Secretary.

Manhattan Savings Institution, New York City—Constant M. Bird, Vice-President; Arthur S. Stiles, Asst. Secretary.

Mechanics Savings Bank, Beacon—John T. Smith, President; B. L. Smith, treasurer; Benj. Hammond, Trustee.

Mechanics Savings Bank, Cohoes—Rodney Willcox, President; G. W. Humphrey, Secretary.

Mechanics Savings Bank, Rochester—Wilmot Castle, Secretary.

Metropolitan Savings Bank, New York City—J. B. Currey, President; Robert D. Andrews, Vice-President.

Middletown Savings Bank, Middletown—George A. Swayze, President; H. B. Woodward, Secretary and Treasurer; John W. Slauson, Trustee.

Monroe County Savings Bank, Rochester—W. B. Lee, Counsel.

National Savings Bank, Albany—James H. Manning, President; Frederic B. Stevens, Treasurer; Charles I. Oliver, John A. Jamison, Jr., Trustees.

Newburgh Savings Bank, Newburgh—Thos. F. Balfe, President; F. W. Senff, Vice-President; Thos. F. Chadwick, Samuel V. Schoonmaker, Hiram Merritt, W. F. Cassedy, Trustees.

New Paltz Savings Bank, New Paltz—C. L. Van Orden, President; Jesse Eltinge, Trustee.

New York Savings Bank, New York City—William Felsinger, President; James L. Wandling, Treasurer; Benjamin A. Williams, John Arthur Greene, Vice-Presidents; Walter R. Brinckerhoff, Secretary; Eibe D. Cordts, Frank B. Smidt, Thomas P. Spencer, William J. Hoe, Alexander M. Welch, William W. Hall, Trustees; Herbert D. Brown, John A. Dutton, guests.

North River Savings Bank, New York City—John H. Selmes, President; Geo. C. Connett, Secretary.

North Side Savings Bank, New York City—John G. Borgstede, President; Arthur A. Ekirch, Secretary.

Oneida County Savings Bank, Rome—Chas. W. Lee, President.

Oneida Savings Bank, Oneida—H. L. Baldwin, Treasurer.

Onondaga County Savings Bank, Syracuse—Douglas E. Petit, Treasurer; Salem Hyde, A. E. Nettleton, Trustees.

Oswego City Savings Bank, Oswego—E. B. Mott, President; Thomas F. Gleason, Vice-President.

Oswego County Savings Bank, Oswego—W. B. Couch, President; H. J. Peebles, Trustee.

Peekskill Savings Bank, Peekskill—E. E. Young, President; F. M. Dain, Treasurer.

Peoples Bank for Savings, New Rochelle—A. L. Hammett, Secretary.
Peoples Savings Bank, Yonkers—Robert H. Neville, 1st Vice-President; Frank E. Wheeler, Treasurer.
Port Chester Savings Bank, Port Chester—Ellwood Burdsall, Vice-President; John W. Diehl, Cashier.
Poughkeepsie Savings Bank, Poughkeepsie—Floy M. Johnston, President; J. Frederick Lovejoy, Treasurer; James H. Young, Trustee.
Prudential Savings Bank, Brooklyn—Dietrich W. Kaatze, President; John H. Scannell, Vice-President; Hollis H. Searles, Cashier; Charles Wissman, Trustee; Charles E. Weigold, guest.
Queens County Savings Bank, Flushing—Harrison S. Moore, Trustee.
Riverhead Savings Bank, Riverhead—Chas. M. Blydenburgh, President; O. G. Pike, Asst. Secretary.
Rochester Savings Bank, Rochester—Harold P. Brewster, President; Henry S. Hanford, Treasurer.
Rome Savings Bank, Rome—Samuel H. Beach, President.
Rondout Savings Bank, Kingston—J. E. Derrenbacher, President.
Roslyn Savings Bank, Roslyn—Frederick C. Davis, Willet Charlick.
Sag Harbor Savings Bank, Sag Harbor—Everett L. Tindall, Secretary and Treasurer; Jonathan Baker, Trustee.
Saint Lawrence County Savings Bank, Ogdensburgh—James E. Kelly, Treasurer; Charles D. Randles, Secretary.
Schenectady Savings Bank, Schenectady—Everett Smith, President.
Skaneateles Savings Bank, Skaneateles—J. Horatio Earll, President.
Southold Savings Bank, Southold—H. H. Huntting, Vice-President; Frederick K. Terry, Asst. Treasurer; F. F. Overton, Trustee.
Staten Island Savings Bank, Stapleton—Edw. C. Bridgman, President; Edw. C. Meurer, Vice-President; Geo. C. Hall, Asst. Cashier; Anning S. Prall, Albert C. Fach, Charles A. Bruns, John B. Pearson, Geo. S. Humphrey, Trustees.
Sumner Savings Bank, Brooklyn—Arthur S. Somers, President; Nathan S. Jonas, Vice-President.
Syracuse Savings Bank, Syracuse—Nicholas Peters, Vice-President.
The Savings Bank of Utica, Utica—Charles A. Miller, President; Rufus P. Birdseye, Vice-President and Treasurer; Nicholas E. Devereux, Trustee.
Troy Savings Bank, Troy—Charles E. Hanaman, President.
Ulster County Savings Bank, Kingston—E. H. Loughran, President; J. B. Alliger, Treasurer.
Union Dime Savings Bank, New York City—A. P. W. Kinnan, President; Francis M. Leake, Treasurer; Frederick H. Ecker, Willard E. Edmeister, George Hadden, Fred'k. C. Meacham, Edgar A. Treadwell, Abram C. DeGraw, Trustees.
Union Savings Bank, Patchogue—Joseph Bailey, President; W. L. Hulse, Vice-President; Walter S. Rose, Secretary; Robert S.

Pelletreau, Walter H. Jaycox, Julius Hauser, Trustees.

Union Savings Bank of Westchester County, Mamaroneck—R. G. Brewer, President; C. F. Griffen, Wm. A. Boyd, Vice-Presidents; E. H. Gedney, Asst. Treasurer; B. C. Meighan, E. T. Cornell, Henry Fatton, P. H. Collins, Bradford Rhodes, Chas. M. Baxter, Wm. R. Bull, S. R. Bell, C. C. Holden, Daniel Warren, Trustees.

Union Square Savings Bank, New York City—Wm. H. Rockwood, President; Henry R. Brinckerhoff, Secretary; Hugh B. Gardner, Asst. Cashier.

United States Savings Bank, New York City—Charles N. Taintor, President; Adolphe F. LeGost, Cashier; Richard A. Anthony, Noah C. Rogers, Wm. C. Adams, Isaac N. Seligman, Edward I. Devlin, Trustees.

Walden Savings Bank, Walden—Hiram B. Wooster, President; T. L. Millspaugh, Vice-President; Edward Whitehead, Trustee.

Wappinger Savings Bank, Wappinger Falls—I. T. N. Harcourt, 1st Vice-President; William A. Brewster, Treasurer.

Warwick Savings Bank, Warwick—John W. Sanford, Henry Pelton, Trustees.

Watertown Savings Bank, Watertown—Isaac L. Hunt, President; Harvey W. Steele, Treasurer.

Western Savings Bank, Buffalo—F. W. H. Becker, Treasurer.

West Side Savings Bank, New York City—Clarence O. Bigelow, President; N. S. Westcott, Vice-President; R. L. Harrison, V. Chapin Daggett, Edward R. Finch, Jos. H. Emery, Ruel W. Poor, Jos. Rowan, Trustees.

Williamsburgh Savings Bank, Brooklyn—Andrew D. Baird, President; John V. Jewell, Vice-President; Edw. T. Horwill, Secretary; Chas. J. Pasfield, Cashier; Victor A. Lersner, Comptroller; Henry R. Kinsey, Asst. Comptroller, Jas. F. Bendernagel, Herbert F. Gunnison, Paul E. Bonner, Ralph H. Tiebout, Edward E. Pearce, Trustees.

Yonkers Savings Bank, Yonkers—James H. Weller, President; Chas. F. Hulbert, Treasurer; Wm. L. Saunders, Harry L. Twine, Trustees.

GUESTS

Eugene Lamb Richards, Superintendent of Banks, State of New York.

George I. Skinner, First Deputy Superintendent of Banks, State of New York.

Dr. Charles Alexander Richmond, President of Union University.

Hon. William Jennings Bryan, Lincoln, Neb.

Joseph A. Lawson, Albany, N. Y.

G. C. Purves, President Philadelphia Savings Fund Society, Philadelphia, Pa.

Henry Parkman, Treasurer, Provident Institution for Savings, Boston, Mass.
George E. Brock, President, Home Savings Bank, Boston, Mass.
Arthur L. Allin, Treasurer, Middletown Savings Bank, Middletown, Conn.
John Headden, President Hudson City Savings Bank, Jersey City, N. J.
Walter E. Houghton, Secretary and Treasurer, Citizens Savings Bank, Stamford, Conn.
H. T. Montgomery, Secretary and Treasurer, Savings Fund Society of Germantown, Philadelphia, Pa.
Samuel W. Hawley, Treasurer, Bridgeport Savings Bank, Bridgeport, Conn.
Samuel C. Parcher, President, Saco and Biddeford Savings Institution, Saco, Maine.
G. Mortimer Rundle, President; Harrie T. Hoyt, Asst. Secretary and Treasurer, Savings Bank of Danbury, Conn.
Carlton H. Leach, Treasurer, Farmers and Mechanics Savings Bank, Middletown, Conn.
Milton W. Harrison, Secretary, Savings Bank Section, American Bankers Association.
Ward W. Jacobs, Treasurer, Mechanics Savings Bank, Hartford, Conn.
F. W. Tilton, President, Cambridgeport Savings Bank, Cambridge, Mass.
Myles L. Peck, Treasurer, Bristol Savings Bank, Bristol, Conn.
Edward A. Brown, President, Island Savings Bank, Newport, R. I.
Robert W. Dwyer, Treasurer, Dime Savings Bank, Hartford, Conn.
S. Fred Strong, Treasurer, Connecticut Savings Bank, New Haven, Conn.
Chas. A. Collins, President, Lynn Institution for Savings, Lynn, Mass.
Dr. Thomas E. Finegan, Deputy State Commissioner of Education.
John McHugh, Frank O. Roe, Samuel S. Campbell, Philip L. Watkins, Douglas MacPherson, George Young, Frank S. Kenyon, A. T. Campbell, Edward R. Anker, Guernsey R. Jewett, William E. McHarg, Kenneth G. White, B. F. Buck.

PROCEEDINGS OPENED BY PRESIDENT MANNING

The session was called to order at 2:30 P. M. by the president of the association, James H. Manning, who congratulated the delegates upon the fine attendance and the keen interest exhibited on every hand in the celebration and its meaning. The event, he declared, was of far greater

importance than many might imagine. It was purely historical, and it was the intention to follow a program somewhat similar to that so successfully carried out in the city of Edinburgh, in 1910, though in a somewhat less pretentious manner. "We, as Americans," he said, "believing in Americanism, want to prove to our friends across the water who are directly in touch with us at this time, that our sympathies are in the work along the same lines of saving, of thrift."

President Manning stated that at the present time every one of the 141 Savings Banks in the State of New York is in this association save seven; why these were not included, he was not at liberty to say, but he was able to assure the delegates that these institutions were in full sympathy with the work being done. It was his hope that before the close of another twelvemonth, all these banks would see their way clear to join the association, because of the things that had been accomplished and from which they had derived lasting benefit.

The president's formal address was mainly historical. He paid a sincere tribute to those noble pioneers who founded the first Savings Banks in America, thereby making all succeeding generations their everlasting debtors; they builded better than they knew, not only changing former dependents into the most valuable class of citizens, but, by means of their self-denial and frugality, benefiting every community incalculably. It is, he said, one of the chief merits of these beneficent institutions that they educate the people in those qualities that make for the best citizenry, building up character as well as amassing fortunes.

The speaker also paid a fervid tribute to the many noble, disinterested men who give so freely of their time to the management of these institutions of the people; he characterized them as probably the very best representatives of the race.

The campaign of thrift and education being carried on in this country is now bearing most valuable fruit, and he

expressed the hope that the good work would go on and on indefinitely.

President Manning sketched the rise of the first Savings Banks in this country, a century ago, Philadelphia being the first to open the doors of such an institution, Boston the first to incorporate one, and New York the first to take steps toward such an organization, although, on account of adverse legislation and widespread prejudice against such institutions at that time, not the first to actually begin business. He also gave a picture of the condition of the country a century ago, having just emerged from the second war with Great Britain, and referred to the fact that it was a period of active philanthropy, when the leading men and women in Europe and America were seeking, in every way possible, to relieve the sufferings of the masses and furnish them means of subsistence. When, on December 2, 1816, the Philadelphia Saving Fund Society opened its doors and received a five-dollar deposit from a negro named Roberts, the great system which has done so much for this country, both with respect to its material and its moral welfare, had its birth. The Provident Institution for Savings in the Town of Boston followed in the month of April, 1817, and then the Savings Bank of Baltimore, the Salem (Massachusetts) Savings Bank, and the Bank for Savings, New York City.

There were, he said, in the State of New York, at the close of the year 1915, 3,181,023 depositors in 140 Savings Banks, owning $1,771,560,808, an average to each depositor of $556.91. While this was a flattering exhibit, he declared it did not prove that the people of the United States are thrifty, for, judged by the test of ratio of accounts to total population, the system proves far from satisfactory.

It was his hope that the present thrift movement would bring forth most valuable results, assuring his hearers that no matter what the future might have in store, thrift, economy and self-denial were the cardinal virtues, so far as concerned the material progress of the State and nation.

HIGH SCHOOL PRIZE ESSAY CONTEST

At the conclusion of his address President Manning called upon Henry A. Schenck, president of the Bowery Savings Bank, New York City, to report on the results of the essay contest on the subject of "Thrift" among pupils of the high schools of the State, for valuable money prizes.

While at first very loath to take the chairmanship of the Essay Committee, Mr. Schenck said he was persuaded to accept and, much to his surprise, found the labor connected with it exceedingly interesting and profitable. The other members of the committee were Samuel H. Beach, president of the Rome Savings Bank, and J. M. Satterfield, president of the American Savings Bank, Buffalo.

The competition was confined to high schools in the State in those cities where Savings Banks are located. Returns were received from ninety-six schools: Group 1, from eight schools, eighteen essays; Group 2, ten schools, twenty-one essays; Group 3, nine schools, twenty essays; Group 4, nineteen essays; Group 5, eight schools, eighteen essays. Under the plan adopted, these essays were forwarded to the respective chairmen of groups and these chairmen were requested to select what they considered to be the best three; in that way there were returned to the committee fifteen essays. These were forwarded to the president of the association, with the request that he select what he considered the best five. This, of course, was without knowledge on his part as to the identity of the authors.

The awards were as follows: First prize, $100, to Thomas W. Wojciechowski, of the Hutchinson Central High School, Buffalo; second prize, $50, to Miss Jessie Barton, Kingston High School; third prize, $25, to Mortimer Burr Williams, Auburn Academic High School; fourth prize, $15, to Hyman Wanderman, Yonkers High School; fifth prize, $10, to Miss Laura Marie Noque, Long Island City High School.

Following out a very happy thought, all the prize winners were invited to be present in person, and all responded.

Their traveling expenses were paid by the respective Groups from which they came, and they were the guests of the association. The committee vouched for the fact that all the essays were well written and very interesting, especially when the tender age of the contestants was taken into consideration.

Besides the money prizes, each one of the ninety-six contestants was awarded a bronze medal, on the reverse side of which were the words, "Prize Essay Contest, 1916," and on the obverse, "Presented by the Savings Banks Association of the State of New York."

The competition was generally regarded as one of the most successful of the kind ever held in the State.

The prize winning essay is given herewith:

THRIFT

Throughout the bulk of the literature of modern political economy, down to recent years, there runs the teaching that the practice of thrift by all is the surest way to prosperity, not only for the savers individually but for the community to which they belong. Thrift, as defined by economists, is the practice of economy in personal or domestic expenditure of money and the careful management of money matters.

It is only a century since political economy elevated the lowly quality of thrift to the rank of a preëminent virtue. At present the view, as expressed by Professor Bonamy Price in his "Chapters on Practical Political Economy," is widely held that "the man who saves, be he prince or peasant, is the benefactor of his country"; and that one of the best tests of the virtues of a man is his power to sacrifice present enjoyments for the sake of his own future and that of those dependent upon him. The man who saves creates capital and thereby contributes to the welfare of even those who consume their entire incomes day by day.

The very foundation of all material success is thrift. It is the companion of savings and first aid to prudence and economy. The nations and individuals that have progressed, owe their progress to thrift, because the total sum of small savings forms the unshakable foundation of national and individual credit. There is a big difference between saving and hoarding, but when money is saved and employed for a definite purpose, it becomes the most constructive agency of human progress. Many people have the idea that thriftiness necessarily means self-denial. No error could be more costly.

If people realized the true meaning of money, they would be apt to save more and be less extravagant.

The happy-go-lucky spirit so common among our American people is the reason why so much money is spent in pursuit of senseless pleasures. A certain amount of pleasure is necessary by all classes; there can be no effective work where there is no play; but there is no doubt that billions of dollars are spent annually by our people on indulgences which not only cannot be described as sane pleasures but which do physical and moral harm. Thrift helps to do away with the senseless and useless expenditures in order that people may have more money for the things that are sensible and useful, thereby making for a better people and better government. You cannot have national thrift until you have community thrift, and in order to have community thrift, the individual himself must be thrifty, for thrift is a virtue and a principle, not a mere forced rule; it is wisdom, and more an attitude of mind than a matter of money.

We are now confronted with the proposition of choosing a sound institution where the savings of the people could be placed with safety and at the same time bring a small return for the investment. Many such institutions would be chosen, but the real bulwark of the people's money and the citadel that thrift rears in a well regulated community is the Savings Bank. It deserves to rank with the public school as a factor for uplift and human progress. Despite the inroads of the half hundred different kinds of saving institutions, the Savings Bank has maintained its integrity throughout the century that has passed since it was founded.

For a brief account of the essential solvency and good management of savings banks, one has only to look at the history of such institutions during the past thirty-five years. Panics have not affected them seriously, for they are under the careful supervision of the State, and their investments are always conservative. They take small savings of innumerable men and women, which otherwise would be quite unusable as capital, and put them at the service of a community and the nation. The money so deposited is always subject to the will of the depositor to withdraw it and invest in some other way as soon as his savings accumulate to the necessary amount.

The moral effect of a Savings Bank account is greater than many people might think. In some instances merchants and business houses will not employ men who have not started a savings account. The very knowledge of having such an asset, small as it may be, is an impetus to effort and ambition. And yet the savings account does more than this. It emphasizes the big facts that no amount is too small to save, and that money can work and make more money; from the very moment that your dollar is written down on the bank ledger, it is like seed planted in fertile soil. It starts to grow.

The great increase in deposits in the Savings Banks is notable.

People have come to view the savings bank as the finest, soundest and safest banking institution in the United States, and have kept this bulwark of our national well being safe from all assaults from without or disintegration from within, as it represents the most conservative, the most logical and the most helpful scheme for bettering the condition of all classes of people.

I have not argued thrift upon you for its own sake, nor merely that you may be kept safe from poverty, nor even for the ease it brings, but because it is one of the greatest virtues possessed by man. It is the conserving and practicing virtue, and is antagonistic to all the vices. It favors a full manhood and works against the very faults which it seems to unite. When people come to look upon thrift from this point of view and perceive the beneficial results of this virtue, I am certain that the erroneous ideas they have concerning thrift will disappear, and that the quality of thrift will be regarded by all as one of the chief tests of a man's character.

SOME NOTABLE ADDRESSES

The address by Deputy Superintendent of the Banking Department, George I. Skinner, was listened to with the closest attention and liberally applauded.

Mr. Skinner declared that in his admiration for the Savings Banks system of the State of New York he yielded to no one; he knew of no system of finance that in so limited a space of time had accomplished so much. "When we think of the past," he said, "we cannot help but wonder at the imagination, the courage and the confidence of the founders of this great system, which is the backbone of the financial system of the State; for even now, when your state institutions have resources of four billion and a half dollars, the Savings Banks head the list, notwithstanding the great growth and the constant increase in the number of trust companies, state banks and other institutions. Too few opportunities present themselves for communication between the Department and the Savings Bank men of the State. None ought to be missed. The system is yours. We can only help you upbuild it, and in upbuilding it we need your active, every-day, every-year support, not only in solving what problems remain for you to solve—and in my judgment they are not many—but in solving the problems of the State, for you are a part of the great system

which we are upbuilding and we need your intelligent help along other lines than your own."

Mr. Skinner referred to the fact that during the year steps had been taken to weld together, in a way, and secure co-operation between the different branches of the State's financial system, and he was hopeful that very valuable results would follow.

What, he asked, were they going to do with their own system? In his view, it was not incapable of development. No movement ever stands still; if the apex is ever reached, it must go down. Hence there should be a constant effort on their part to increase their own opportunities, to make the most of what the founders handed down to them, and to go ahead, with equal intelligence and equal faith in the development of the movement to serve the purpose for which the institutions were founded. What are they? Unselfish agencies for the investment of the funds of savers in such small amounts that the owners cannot readily invest them because of lack of experience. The speaker had only words of praise for the work being done in behalf of small investors by the savings and loan associations. He made caustic reference to the fake investment corporations, and some private bankers whose business it is to fleece the inexperienced and unwary, and asked if those within his hearing had ever thought of the vast sums that are lost to investors through these undesirable agencies. It was the wish of the Department, he said, to make the Investment Company Article and the Private Banking Article of the Banking Law as nearly perfect as the Savings Bank Article now is, and he hoped to have the co-operation of all Savings Bank men of the State to that end.

Referring to proposed legislation along the lines of the much-discussed Rural Credit system, Mr. Skinner said:

> I do not know what the future of the Land Bank of the State of New York is to be, but it has great possibilities. It will do much to liquify land values. If the Savings Bank men of the State appreciate the safety of these investments—if there can be co-operation between the two savings systems of the State—I see no reason why

the problems of this State along these lines would not be wholly solved. I see no need for either State or Federal intervention; you will be fulfilling, to a very high degree, any duty you owe to the poor borrower whom you cannot now properly serve because of the form of your organization.

Herbert F. Gunnison, trustee of the Williamsburgh Savings Bank, Brooklyn, was the next speaker.

Mr. Gunnison highly praised the work done in connection with the Prize Essay contest, expressing the opinion that nothing more valuable or far-reaching had been accomplished; he also had words of commendation for the splendid service done in arousing public interest in the school savings system, citing the fact that more than 105 Savings Banks of this kind already had been started in the metropolis; one school in Brooklyn, which only a short time before had inaugurated the movement, showed aggregate deposits of more than $800. He did not believe the Savings Banks of the State were doing their full duty when they merely received money, took care of it and paid interest. "It seems to me," he added, "that these organizations throughout the country should be the leaders in every movement looking toward savings and thrift and the prevention of extravagance."

Mr. Gunnison had the pleasure of attending the International Thrift Congress held in the City of Edinburgh, Scotland, in the year 1910, in connection with the European Savings Banks Centennial. He described the conference and told of some of its most important features and of the distinguished personages who attended it; these included delegates from all of Great Britain's colonies, as well as from France, Switzerland and various other countries. The speaker said that more facts concerning thrift and Savings Banks were presented at these conferences than had ever before or since been gathered.

Mr. Gunnison said that when the trustees of the Williamsburgh Savings Bank reached Edinburgh, the first thing they did was to take a wreath of flowers and place it on the statue of Abraham Lincoln, which adorns one of the cemeteries of the Scotch city.

Mention was also made of the fact that a great many of the thrift movements are started by clergymen. The speaker was proud to say that his father, who was a clergyman, was the founder of a Savings Bank in the State of Maine.

Mr. Gunnison spoke on the need of preparedness, reminding his hearers that no matter how peaceful the world might seem, and how impossible the contingency of war, history showed that never for five successive years since he was born, sixty years ago, had Europe been without a war of some sort.

J. C. Purves, whom the presiding officer introduced as the president of the oldest Savings Bank in the United States,—the Philadelphia Saving Fund Society,—was the next speaker. Mr. Purves gave a brief, interesting history of the splendid institution of which he is president. Drawing a lesson from the experience of the banks during the past two trying years, he said:

> The great prosperity and vast growth in the past hundred years have made both capitalist and wage earner reckless in expenditure and wasteful in so doing. This is characteristic of the Nation, the individual States, our cities and towns, where efficiency in planning and spending are sadly lacking. . . . What the American family needs to have instilled into it, is not only prudence, economy and self-denial in the use of their income, but also an ambition to excel in better work, as being the prime factor in furthering their welfare and advancement in the various occupations, as well also of having a pride in producing the best, for its own sake. . . . It is a source of gratification to observe, notwithstanding our wastefulness as a nation, that as the country has grown and prospered in so many ways, the Savings Bank, the symbol of thrift, has measurably kept pace with the vast increase in our industries, although there is every reason to believe that a large portion of our population are still outside our doors. To bring in these should be our earnest endeavor, especially the ignorant and the young, remembering the lack of proper information in the former, and the advantage of the formation of good habits in the latter.

Henry Parkman, treasurer of the Provident Institution for Savings, Boston, Massachusetts, the second oldest Savings Bank in the United States and the first to be legally

incorporated, gave interesting facts pertaining to the institution he represented and its long and honorable history.

It had always been, he said, a source of wonder and surprise to him that the Mutual Savings Bank idea has not gotten farther than it has. He confessed that he never believed the mutual bank should have any affiliations with the Western banks, which are purely money-making institutions, although, belonging in the same category, they could doubtless work together harmoniously in some ways.

Walter Trimble, president of the oldest Savings Bank in the State of New York, The Bank for Savings, of the City of New York, being unable to be present, was represented by Louis B. Gawtry, secretary of the board of trustees. Mr. Gawtry gave a concise history of the institution, referring to the meeting held in the assembly rooms of the City Hotel, on Friday evening, November 29, 1816, for the purpose of establishing a Savings Bank, undoubtedly one of the first meetings held on this continent. The speaker related how these gentlemen organized a Savings Bank, but failed to obtain a charter from the Legislature until March, 1819. Mr. Gawtry gave the following interesting facts and figures:

"From July, 1819, to January, 1916, the bank has received 6,276,-334 deposits, amounting to over $556,000,000 and during that period has paid out over $570,220,000 on 6,008,378 drafts. It has received during this period from interest on investments and on deposits in banks and Trust companies over $126,000,000 and has paid in dividends to depositors over $105,800,000. Dividends have been paid out without cessation for the last 97 years at rates not less than 3½ per cent., with a maximum of 7½ per cent. which was paid during the period from 1870 to 1874.

"The bank has long been identified with the mercantile life of New York, and we find among its officers and trustees such well known merchants and financiers as William Bayard, Philip Hone, Matthew Clarkson, Robert C. Cornell, John C. Green, Edmund Penfold, Benjamin Strong, Peter G. Stuyvesant, James Suydam, Robert L. Kennedy, Merritt Trimble, James Brown, Hamilton Fish, John T. Johnson, James Harper, Daniel Lord, James A. Roosevelt, James De Peyster and many others far too numerous to mention."

Marcus T. Hun, president of the Albany Savings Bank, incorporated in the year 1820, spoke briefly for that institution. He knew of nothing in its history, he said, that was unusual or anomalous, and added, that the fact that a Savings Bank had no history was, in his judgment, the very best evidence that it had been wisely conducted.

J. H. Smedley, representing the Long Island Savings Bank, the pioneer in the establishment of School Savings Banks, presented a very interesting paper on that subject, which was listened to with the closest attention.

THE CENTENARY DINNER

The Centenary Dinner, which was held on the evening of May 17, proved a brilliant success in every way. More than five hundred Savings Bank men and their guests sat down to the beautifully decorated tables in the Hotel Biltmore. In the galleries were seated the orchestra, and many ladies, relatives of the diners who had accompanied them to the metropolis.

The president of the Savings Banks Association of the State of New York, James H. Manning, Albany, New York, presided.

CABLE MESSAGES FROM OVER THE SEA

Some of the congratulatory cablegrams received from Europe were as follows:

The British Trustee Savings Banks Association sends heartiest congratulations.

VINCENT F. CARLYLE, Chairman.

The Trustee Savings Banks of London send heartiest congratulations.

HENRY HENDERSON,
Actuary, The London Savings Bank.

Congratulations and sympathy with your National and international work.

CAMERON,
Trustee Savings Banks, London.

Edinburgh Savings Banks directors and officials send cordial congratulations on this auspicious occasion and desire increasing success for the future of American Savings Banks.

ALEXANDER CARGILL,
Manager, Edinburgh Savings Bank.
Member of the Exchequer's Parliamentary Committee on War Loans.

NOTABLE LETTERS FROM ABROAD

The following, among other letters, were received by the president from abroad:

LORD ROSEBERY
38 Berkeley Square.
W.

May 3rd, 1916.

Dear Sir:

Yes, I am sorry to say that it will not be possible for me to attend the dinner to which you kindly invite me on May 17th.

Thrift needs no recommendation from me. It stands for independence, and that is its supreme claim on every self-respecting citizen.

Yours truly,
ROSEBERY.

James H. Manning,
President.

ACTUARY OF THE HULL (ENG.) SAVINGS BANK,
Hull, 3rd May, 1916.

Mr. James H. Manning,
President,
Savings Bank Association of New York.

Dear Sir:

Your letter dated the 13th April has been received this morning, and I hasten to thank you for its cordial tone and the kind invitation you have given to me to attend the Centennial Celebrations of your Association.

There is nothing that would have given me greater pleasure than to have been able to accept the call. Under normal circumstances, I should have made a great effort to avail myself of the opportunity of visiting your country and seeing something of the great work of thrift which your Association is doing so much to promote. After fifty-four years closely spent in Savings Bank work, I, naturally am keenly interested in all agencies of the kind, and also very sensitive

of the honour you have done me, personally, in sending me an invitation.

Unfortunately, the times are not normal. From our bank we have sent 75 per cent. of the staff to serve in the army for the war. This entails upon the remainder—with the help of a few lady clerks—a great pressure of work, and it is impossible to leave, even for so tempting an occasion as that you offer.

The war has brought home to our people the justification of all our thrift teaching. What had become an obsolete, old fashioned doctrine, all very well in theory, is now the one practical thing. The salvation of the State, the safety of the individual, is assured in direct proportion to the exercise of thrift. Surely no cause has ever before received so striking a justification! Our statesmen are urging its practice. Means are being devised for its exercise in all conditions of life, and to-day the Savings Banks, and what they stand for, are recognized as foundation rocks of national and private safety.

I am glad to say that evidences are abundant that SAVING is very much on the increase. Our depositors, numbering over 80,000 in this City, are saving better than ever before, and I believe most Savings Banks in the country are having the same experience.

May you have a successful time! Although I am prevented from joining you, I trust you will not be hindered from paying us, in Hull, a visit in 1918, when we celebrate our 100th anniversary.

Yours very faithfully,
F. FULLERTON, Actuary.

TRUSTEE SAVINGS BANK'S INSPECTION COMMITTEE.

9 Serle Street, Lincoln's Inn,
London, W.C., 29th May, 1916.

My dear Sir:

The delivery of your esteemed letter and invitation to the Centenary Celebration of American Savings Banks on the 17th instant were delayed in the course of post owing to the War Censorship, and their receipt was further delayed by absence from home. Consequently, it was not possible to arrange for thankful acceptance, but there was nevertheless time to admit of a message being cabled to you which was sent in the following terms:—"Congratulations and sympathy with your National and International work."

A great tribute of praise is due to the Savings Banks in America and their managers and staffs for the vast benefits conferred upon the public in the course of their hundred years' propaganda of Thrift.

The educational benefits of this work are, moreover, of transcendental value to the State, while its economic advantage in encourag-

ing and assisting the provident poor to help themselves is not to be measured by mere accumulations of capital, however great may be those contributions to the garnered wealth of nations.

We are,
Yours most sincerely,
ALBERT KAYE ROLLIT, Chairman.
Trustee Savings Banks' Inspection Committee.
W. S. CAMERON, Secretary.

James H. Manning,
President.

MANCHESTER & SALFORD SAVINGS BANK
Booth St. & Kennedy St.
Manchester, 6th May, 1916.

Dear Sir:

At the request of Mr. Francis Godlee, who has succeeded Mr. Leonard Tatham in the Chairmanship of this Bank, and on my own behalf, I desire most cordially to thank you for the very kind invitations you have sent us to be present at the Centennial celebration of the Savings Banks Association of the State of New York.

As it would be quite impossible for us to be in New York on the 17th instant we very much regret having to decline so cordial an invitation, and availing ourselves of the opportunity of visiting your city upon such an interesting occasion.

I enclose a report of the proceedings of the last Annual Meeting of this Savings Bank. From this you will observe that our President, the Lord Bishop of Manchester, presided, and in moving the adoption of the report gave some interesting particulars bearing upon thrift, and these you will see were further emphasised by the Chairman in his review of the business done by the bank during the year.

Trusting what I send you may be helpful, and with our heartiest congratulations,

I have the honour to be,
Very sincerely yours,
L. D. STEWART,
Actuary.

James H. Manning,
President.

EDINBURGH SAVINGS BANK
(16 North Bank Street)
3rd May, 1916.

My Dear Sir:

I have just received your valued favour of the 14th April and hasten to reply so that you may have this acknowledgment in time for your Centennial Celebrations on the 17th inst.

Let me say how much I regret that it is a sheer impossibility for me to attend the Celebrations. Time and space are, in present circumstances, absolutely against me, and I am very sorry for myself that I should miss so much.

There is, first, the great pleasure of meeting your worthy self and Thrift Confreres, and of foregathering with certain old friends who honoured our own Centenary in Edinburgh a few years ago: and, then, there is the inspiration to be derived from such an important occasion and the taking part in it along with a distinguished assemblage of the Apostles of Thrift: all these unique advantages I reluctantly, but necessarily, have to forego.

Nevertheless, I shall be with you in spirit, for our affinity is a sure and a close one. Besides, the changing circumstances, and the clamant needs of our day and generation compel us all, in the great work of popularising Thrift, to attune our souls to a new key of endeavour, so that your people in America and ours in Great Britain, —they and their children and children's children—may understand and appreciate, as the world never appreciated before, the truth of the glorious apothegm of Shakespeare—"Thrift is blessing."

Yours faithfully,

ALEXANDER CARGILL,
Actuary.

James H. Manning,
President.

BANK OF SCOTLAND

Edinburgh, Third May, 1916.

My dear Sir:

I am in receipt of your letter of 14th ulto., and I beg to thank you and your Association for the honour you have done me in inviting me to your Convention and Dinner on the 17th of May. It would have afforded me much pleasure to be present; but the exigencies of business and the difficulties of travel at the present time make it impossible for me to accept, and this I very much regret. To have met you and your colleagues face to face, and to have had the opportunity of conversing with you on various interesting subjects, would have been a privilege I should have greatly valued, and I am very sorry that for the present at least it must be foregone.

It is a matter of great interest to me to hear of your Association having attained its Centenary, and I have no doubt it is a powerful and influential institution, worthy of your great city and your great country. I gather that it acts as a stimulus and an encouragement to Thrift, and this is a matter of supreme importance at the present time. It is of special interest to us Scotsmen. We have, not without reason, earned the reputation of being a thrifty people, and in

the difficult and trying times through which we are passing, the principle is of greater importance than ever before.

The inequalities caused by the awful War are very great. Many of our people are earning more money than they ever did, and others are suffering from decreased resources and increased outlays. You in the United States, if what we hear is true, are extremely prosperous, and are making money in colloquial phrase "hand over fist." Now is the time therefore for us and for you to inculcate and practice Economy. The bad times will come, and the simple rule of laying by something for a rainy day cannot be too strongly emphasised. No doubt your Association is doing excellent work, and I heartily wish you continued and increasing success.

With much respect, and best wishes to you and your colleagues, and renewed thanks for your kind invitation

I remain,
Very faithfully yours,
GEORGE ANDERSON.

James H. Manning,
President.

GLASGOW SAVINGS BANK
30 George Square
Glasgow, 9th May, 1916.

James H. Manning, Esq.,
President.

My dear Sir:

Yours of 14th April just reached me last week, and as I was out of town, I have not been able to reply to it before to-day.

I am indeed very much indebted to you for asking me to attend the centenary celebrations of the Savings Bank Association of New York, and it would have given me very great pleasure to have done so, but unfortunately time does not permit of this. To be with you on the 17th inst., would, I am afraid, have meant starting before your letter reached me, and I am afraid that this letter, under present circumstances, will not be in time for the meeting.

As you say, I am most thoroughly interested in all that pertains to Savings Banks, and it is a very great pleasure to me to note the interest that nearly all those who are associated with the work take in it. Savings Banks, although it is only little over a hundred years ago since they first started, are now one of the most settled and prosperous institutions of the country, and I often wonder what the founder, Dr. Duncan of Ruthwell, would say could he see what the institution which he founded on a very tender basis, has grown into. This fact I believe is largely due to the influence of the officials, and the confidence with which they inspire the depositors. As you know

the Manager, or Actuary as we call them, of a Savings Bank must be much more than a Banker, and above all he must be endowed in no small degree with common sense, and able to give council to the depositors on many matters not attaching directly to Bank work proper. In doing so they help the depositors and further the influence of the Bank to an enormous extent.

There is one class of officials who must not be overlooked. I refer to the many thousands of ladies and gentlemen who conduct the Penny Banks without fee or remuneration, and devote a considerable amount of time to this. More especially I think I would refer to the School teachers, now that thrift is really recognised as part of the teaching of the young, and it is wonderful the amount of money they can save.

I have again to thank you for the honour you have done me in asking me to be with you, and very much regret indeed that I cannot accept.

Yours sincerely,

T. W. M. WATSON.

ABERDEEN SAVINGS BANK

Aberdeen, 4th May, 1916.

James H. Manning, Esq.,
President,
The Savings Banks Association of the State of New York.

My dear Sir:

I feel greatly honoured by the most kind invitation of the 14th April which you were good enough to forward to me on behalf of the Savings Banks Association of the State of New York, that I should, as Actuary of this bank, attend the Centennial proceedings of that body which fall to be held in New York City on 17th May next.

It would afford me a pleasure of no ordinary kind if I could find it possible to comply with your considerate and courteous request to visit the great Republic of America, with which this northern outpost of civilization has many intimate and tender ties, for the purpose of joining with you and your numerous colleagues on the date mentioned in celebrating an event which has a common interest for Savings Banks throughout the world; but unfortunately it is neither convenient nor practicable for me to leave my duties here for the extended period that such a journey would necessarily impose upon me.

In these circumstances I beg of you to accept my grateful thanks for this invitation which, I feel sure, is laden with good feeling and which certainly impresses me with the idea that your Association cherishes a large and enlightened conception of the international character of the functions which such Associations are fitted to dis-

charge; and also to convey to those representative and responsible officials, in whose name you speak, my earnest hope that your Centennial Celebration, so interesting in itself, may not only be completely successful but may further help the worthy cause of thrift towards the promotion of which all our energies are directed.

The Scottish people are usually credited with being a thrifty race, and I dare say the allegation, whether made in a complimentary sense or otherwise, receives a measure of confirmation from the prosperity of their thrift institutions, the most powerful and popular of which are the Trustee Savings Banks as distinguished from the Government Post Office system of Banks. And Aberdeen, in respect of thrift, may be taken as being a fairly typical Scottish city. The Savings Bank, the funds of which are well over 2¼ million pounds sterling, is for size the fourth largest in Scotland, and its popularity is attested by the fact that every third person of its 160,000 inhabitants is a depositor in it.

What, however, needs saying from an official of a Scottish Savings Bank on an occasion like the present is that if the Scottish people are thrifty to a fault it is not because they value money in and for itself alone, but solely for the higher things of life, such as education and intellectual betterment, which they prize above all material things, and which are only procurable by strict economy in the use of those less important things. Any other species of thrift is simply despicable in the eye of the Scot.

The duty of thrift in the sense indicated has always been an obligation which civilized States have not only recommended to the individual units composing those states, but have themselves, as corporate communities, also practised; and it seems to me that at the moment when nations, great in all the civilized arts, are exhausting their accumulated substance and mortgaging the potential powers of unborn generations in internecine war, the duty of thrift assumes a peculiar significance for the nations of the earth and comes home to the individual with especial force as an obligation of the first magnitude. It is true that the free nations of the earth will surrender their last farthing for liberty: and in this they do well; but such exceptional sacrifice of material resources in the greatest of all causes will have been rendered partly nugatory if it does not, for the future, teach mankind generally the wisdom of exercising frugality in a spirit and on a scale never before dreamt of in the past.

It will be obliging if you can find it convenient to send me any print of your proceedings that may be officially issued.

With many good wishes for a most successful Centenary,

I have the honour to be,

Sincerely yours,

THOMAS JEFFREY,

Actuary.

ADELAIDE, AUSTRALIA

Brookman's Building,
Grenfell Street,

Adelaide, May 29th, 1916.

James H. Manning, Esq.,
President of the Savings Banks Association.

My dear Sir:

I have to thank you for your courteous letter of 14th April with formal invitation to attend the gathering in connection with the celebration of the Centenary of American Savings Banks, on May 17th.

Your letter reached me on May 26th, too late, of course, for me to accept your invitation.

It was my pleasure to take part in the Centenary in Edinburgh in 1910, as representative of the States of Victoria, South Australia and Western Australia, and had it been possible for me to do so I should have felt special interest in joining in so important a gathering as that which you have held. I shall be interested later on to hear of the result of your deliberations.

You are probably aware that for several years a large part of Australia has been suffering from an unusually severe condition of drought, an extraordinary feature, however, being that last year rains fell during the wheat growing period giving us the largest harvest ever known on Australia. Unfortunately, through the Government commandeering the whole of the wheat and only allowing the farmers an advance of 2/6d. per bushel, less charges, the financial position of the farming community has been by no means relieved, and as only a comparatively small proportion of the grain has been shipped and the next season is upon us the financial strain has told its tale on the Savings Banks, and had it not been for the huge loans for war purposes causing enormous activities in all the industrial centers they would have suffered severely.

In our own Savings Bank—of which I am Chairman—it was a matter of interest, week by week, to follow the movements of the Savings Bank in the different portions of the State, and to see how the thrift of the previous years was enabling people to live during this time of stress. I am sorry to say that having had no rains of any producing value since September last, and our mid-winter coming on the 21st of next month, the prospects for the coming season are somewhat distressing; however, we must hope for the best. In spite of all it was a remarkable fact that while funds were diminishing during the drought period the number of depositors increased almost everywhere. They number in our State Savings Bank, which is a Trustee Bank, 56 per cent. of the whole population, and this,

numbering about 420,000 people, has funds in our bank to the amount of nine and one-third millions of money.

The Bank has again declared for this year interest on deposits at the rate of 3¾ per cent.

Thanking you for the courtesy of your invitation which I take as extended to our Bank and which I shall lay before the Board at the next meeting,

I have the honour to be,
Yours sincerely,
(Signed) W. HERBERT PHILLIPS.

SYDNEY, NEW SOUTH WALES

"Montrose," Richmond Avenue, Neutral Bay,
Sydney, N. S. Wales, 26 May, 1916.

James H. Manning, Esq.,
President,
The Savings Banks Association.

Dear Sir:

I have to acknowledge receipt of your letter of 14th ultimo, (this day) carrying an invitation to be present at the "Centennial Celebration" of your Association on 17th instant.

I should have liked very much to have been at the function, but as you will perceive it has already taken place, and I trust you have had a pleasant time, and that the gathering was productive of results both practical and social which will bear good fruit in the future.

I regret to say that my old Institution, "The Savings Bank of New South Wales," established in 1832 was by legislation in 1914 incorporated into "The Government Savings Bank" and my position as Managing Trustee abolished, so that my connection with Savings Banks closed after 57 years service.

I may also remark that it was my good fortune to attend the Centenary of Savings Banks held at Edinburgh, Scotland, in 1910, and I had the pleasure of meeting Mr. C. Stuart Patterson, President of the Western Savings Bank of Philadelphia, and other representatives of American Savings Institutions there, and I have only happy recollections of the gathering.

With my best thanks for your kindness, and regrets that circumstances prevented me from having a personal meeting with yourself and others,

I am, dear sir,
Yours very truly,
D. MITCHELL.

SAVINGS AND PROVIDENT BANK OF PARIS

St. Dominique, Paris, May 11, 1916.

Mr. President:

Because of existing conditions your honored letter of April 14, 1916, reached me only within the last few days.

I have every reason to believe that it was intended for my dear father, whom you must have met in England some years ago and whom it was my misfortune to lose early in 1911. Having succeeded him on the Board of Directors of the Savings and Provident Bank of Paris, it would have been a pleasure to answer your kind invitation but, on the one hand, your letter arrived too late and, besides, having been mobilized as an officer, all my time is devoted to the accomplishment of my military duties.

Believe me, Mr. President,

Very truly yours,
(Signed) COMTE DE LA PANOUSE.

MESSAGES FROM AMERICA

Among the messages of congratulation and encouragement received by the president from prominent Americans who were unable to attend were the following:

CHARLES E. HUGHES

I greatly regret that it is impossible for me to attend the dinner this evening of the Savings Banks Association. Permit me to extend my heartiest congratulations on the event you celebrate, and particularly on the efficient management of the Savings Banks of New York. I send my best wishes for their continued prosperity, with its unfailing proof of the thrift of the people and of the skill and fidelity of their fiduciary.

CARDINAL GIBBONS

I am heartily in sympathy with the movement which the Association has in view—the encouragement of thrift among the people. This virtue must be constantly urged upon them, to counteract the tendency for extravagant wastefulness. It is my conviction that the integrity of the personnel of our banking institutions, their fidelity to the trust that has been reposed in them, has been largely instrumental in promoting the habit of thrift and has brought immeasurable benefits to our people. A comfortable, thrifty, contented citizenry promises well for the future of the country in its industrial, economic and social life.

Wishing the Association continued success, I beg to remain, very faithfully yours.

WILLIAM H. TAFT

I regret it will not be possible for me to accept your kind invitation to attend the dinner. I sincerely hope that your celebration may be a success. The virtue of self-restraint involved in thrift is the basis of all sound prosperity, and with the Association organized with a view to promote this virtue, it has a most useful field.

ANDREW CARNEGIE

Man must exercise thrift and save before he can produce anything material of great value. There was nothing built, no great progress made, so long as man remained a thriftless savage. Civilized man has no clearer duty than from early life to keep steadily in view the necessity for providing for the future of himself and those dependent upon him. The accumulation of millions is usually the result of enterprise and judgment and some exceptional ability for organization. It does not come from savings in the ordinary sense of the word. . . . To try to make the world in some way better than you found it is to have a noble motive in life. Your surplus wealth should contribute to the development of your own character and place you in the ranks of Nature's noblemen.

JOHN H. FINLEY

There is spent in this State yearly for education in public and private schools, colleges and universities, approximately $90,000,000 —about what is spent in one day for carrying on the great war in Europe. This total yearly expenditure means for the whole population of the State an average of about 2¾ cents per person per day, that is, the amount of a street car fare, or of the price of a glass of soda or beer, every two days. It would seem that such average saving were possible not only without harm but with benefit. Thousands of people ride daily in street car or in automobile who would be better off if they walked. And I suspect that immensely more is spent and without benefit if not with harm, for things represented by the other two items.

Thrift, even moderate thrift, will on the one hand make the expense of educating our children no burden, but on the other hand, the practice of thrift will in itself have an educational value and will make people generally sturdier, happier and healthier. Waste is sinful because it is harmful not only to ourselves but to those to whom we have to leave this world when we go. I most heartily applaud what you are doing to prevent it through your effort to promote thrift, and especially among children.

Respect for others and self control are two habits we have special need to cultivate in this country. One has its expression in courtesy to all, and in obedience to those in authority; the other thrift.

CHARLES W. ELIOT

I regret that I cannot attend the banquet and say there that well-conducted Savings Banks, such as those of the State of New York, unquestionably exert a strong influence on the health, wealth and moral energy of the entire community. The men and women who marry early, bring up a family well and go through life always bettering their condition, are the thrifty young people who, in preparation for family life, save a good part of their earnings before they are twenty-four years of age and live within their incomes all their lives, accumulating on their way more and better chattels and putting money in the Savings Bank, with which to educate and further their children and grandchildren. These are the people who constitute a stable, free State and produce a vigorous population, capable of self-control in liberty.

The sound Savings Bank is the best instrument of their thriftiness.

JAMES J. HILL

Whatever encourages thrift in people builds a sure foundation for their prosperity, security and honor. Economically, the saving of some portion of earning or income raises barbarism to civilization. Morally, it leads to self-mastery and the wholesome pride that accompanies the sense of independence. Politically, it strengthens civic interest and virtue by giving men a stake in the State.

The wonderful qualities shown by the French in the present war could be displayed only by a people that had raised thrift to the rank of a distinctive national virtue.

More, perhaps, than any other, the need and the value of it should be impressed upon the people of the United States.

MYRON T. HERRICK

I am very glad that the Savings Banks Association of New York is taking up the subject of thrift. Thrift promotes good habits, good character and good health. It places the individual as it places the nation, upon a sure and certain foundation. It makes him a better man, a better citizen and a valuable asset to the community.

Thrift is the most profitable and satisfactory investment in the whole, wide world. Just a little effort and self-denial will start it, but once started it gathers impetus, like an avalanche down a mountain side and sweeps away every obstacle in its path.

M. WOOLSEY STRYKER

Thrift, indeed, is preparedness. The indirect, or, rather, the incidental values of the forecasting and providing purpose, the rational

habit of mind it engenders and enlarges—these values are deep and durable. To sit down and count the cash of life's exigencies is simple sanity.

That was an exceedingly wise remark of Aristotle's, "Count it among the probabilities that many improbable things will happen." The items of chance thus fall into the aggregate of certainty. Improvidence is a kind of impudence.

THEODORE N. VAIL

Industry and thrift are the bases of individual character and prosperity and the bulwark of the family and the nation.

The aggregation of the results has made possible the development of the utilitarian industries and enterprises of this country on the existing scale.

May the future of your institution be as great as the past.

NEW JERSEY SAVINGS BANK ASSOCIATION

The New Jersey Savings Bank Association, now in session in Bloomfield, New Jersey, extends cordial greetings and sends congratulations to the Savings Banks Association of the State of New York, now celebrating the Centenary of American Savings Banks.

HOWARD BIDDULPH,
Secy.

THE OLDEST BANK IN AMERICA

Philadelphia, May 4, 1916.

Mr. James H. Manning, President.

Dear Sir:

I thank you for your kind invitation to the Centenary Celebration of American Savings Banks to be held on Wednesday, May 17, 1916, and regret very much that I am unable to accept it.

We are however sending you the best representative of the oldest Savings Bank in the Country in our president who, I am sure, will enjoy your hospitality and in his address be able to tell you something of interest.

It is almost impossible to say anything new or original on "Thrift," but I cannot refuse your courteous request for a word on the subject.

At this time when so much is being said and written about "Preparedness" has any one suggested how well the Savings Banks, which are at the same time the promoters and result of thrift, are doing their part as the most useful and effective mobilizers of resources that the world has seen?

They collect, and distribute through the channels of investment, billions of dollars that otherwise would go unmarshalled; release an

equal amount of other capital which again releases still other capital for graded service through the steps from investment to initial development; build up an immense army of self-supporting, self-respecting people as a first line of defense against improvidence and pauperism, and a last reserve against recklessness and speculation, and by giving the individual an interest in property, engender the habits and thoughts that are essential to sound citizenship, with a corresponding sense of the rights and duties incident thereto.

The welfare of Savings Banks is synonymous with the welfare of the laboring people of the country: their successful continuance means opportunity to their depositors and the perpetuation of that prosperity to which they have so largely contributed and which in turn contributes so largely to their own.

With greetings to you and our fellow workers in the field of Thrift,

Believe me to be

Very truly yours,
(Signed) J. M. WILLCOX,
Vice-President.

THE PIONEER SALEM (MASS.) BANK
Incorporated 1818
SALEM SAVINGS BANK
Salem, Mass.

May 8, 1916.

Mr. James H. Manning, President,
The Savings Bank Association
of the State of New York.

Dear Sir:

I regret I cannot accept your kind invitation for the 17th inst.

The Savings Banks have done much to encourage thrift and the large and increasing deposits show the success of the Savings Bank system.

Before the Revolutionary War broke out, a Tory parson prayed that the government might all hang together. A sturdy patriot in the congregation shouted "Amen." The parson recognizing the voice, amended his prayer, saying, "May they hang together in accord and concord": to which the response was, "No matter what cord it is, so it be a strong one."

So I offer the sentiment: The American Savings Banks, may they all hang together.

I have the honor to be

Very respectfully yours,
CHARLES S. REA,
President.

CSR.S.

ADDRESS OF BANK SUPERINTENDENT RICHARDS

The president announced the inability of Governor Whitman to be present, by reason of the rush of work due to the thirty-day bills left on his hands by the Legislature. They were also unfortunate, he said, in not having present any representatives of banking institutions in Europe, due to the exigencies of the prevailing war, but he was able to assure the diners that London and other cities were aware of this celebration and that they were at least present in spirit and purpose. The president felt sure that there were no cities in the world where greater interest is taken in Savings Banks and their work than London and Edinburgh.

The Hon. Eugene Lamb Richards, Superintendent of Banks, of the State of New York, was the first speaker of the evening.

Mr. Richards was given a most cordial reception. After putting his hearers in excellent humor by relating a few pointed anecdotes in his own inimitable way, Mr. Richards drifted into a more serious vein. Among other things, he said:

> While this celebration is properly a jubilee of material prosperity, I prefer to see in it something of deeper significance, a tribute to the stern and homely virtues of thrift and industry, to the people who, in the past, with the coöperation of the Savings Banks system, have made their mites into millions, and have made this country what it is to-day.
>
> We lose sight, I think, in these days of getting rich quick, of the modest virtues of economy and hard work. Industry and thrift! What a demonstration of their force has been given by two of the nations on opposite sides of this great European struggle. In Germany and in France, back of their high military preparedness and efficiency, has stood the compelling, resisting, solid force of the French peasants and the German artisans, who, by their thrift have clothed and fed and armed their patriotic soldiers. I think there is not a man in this presence who does not realize that the strength of these nations—the strength of this nation—must lie in the plain people who are thrifty and economical, those who, with their little earnings, gathered together, have contributed the amounts that have made the country a power and given it financial stability.

I think, too, in these latter days of new nostrums and of paternalism, of the old principles of government co-operation and encouragement of business, and I know of no more powerful channel than the Savings Banks in their respective communities, in keeping before the eyes of the people the homely virtues of our fathers and their theories and principles of government in its relation to the material prosperity of the country and to the merchants and business men of the land, for the Savings Banks come into closer touch with more people than any other financial institution in this country.

The churches are and ought to be the centers of moral improvement; but I believe the Savings Banks are and ought to continue to be the cornerstone of civic improvement and the inculcation of the principles upon which this government was founded. In your daily contact with the depositors you have an opportunity equal to that of the occupant of any pulpit of telling the people the plain truth as to what is best for them and best for the country.

Mr. Richards made an eloquent plea for co-operation in banking, co-operation between the State and every officer or director under its supervision, co-operation for fair dealing and opportunity, co-operation between all officers, merchants and bankers working along the middle line between the policy of government ownership and the policy of live and let live. While perfection was not to be expected, each should have his own ideals, and he for one, looked forward to the day when the Savings Banks would not have their privileges and prerogatives encroached upon by banks of deposit and trust companies. (Applause.) Should that prove, as in the past, impossible, he believed he could look forward, with some reasonable expectation of realization, to the day of co-operation between the state system and the national bank system, or of a completely independent state system in addition to the State Banking Department, with a state Clearing House Association for the State, made up of the members of the state system banks and trust companies. With that he believed there would come some provision for a guarantee fund voluntarily contributed by the members of the State Clearing House Association for the protection of the depositors in every bank in that association. Then, they might look forward to the day of a State Reserve Bank which, added to the State Banking Depart-

ment, would make a complete system of ideal co-operative supervision. Mr. Richards added:

Any steps toward this final result, in my belief, represents sincerity in government, represents going to those safe and sane and real ideas, turning back from the graven images of semi-socialism to the theory that the least possible interference with business by the government represents the highest form and the highest prospects of material and general and real welfare. (Applause.) It represents progress with prudence; it represents real preparedness for the banking interests of the country to take the place which is coming to them day by day—nay, which is here this moment—of being the bankers for all the nations of the earth.

REMINISCENCES BY THE DEAN

Andrew Mills, president of the Dry Dock Savings Bank, New York, one of the original members of the Savings Banks Association, gave a few interesting reminiscences, referring to the noble service in the past of such men as John Harsen Rhoades, Samuel H. Rainey, Thomas M. Mulry, Merritt Trimble, William C. Sturgis, and others. Among these men he counted some of his most intimate friends, and as he recalled them he was unable to prevent a feeling of sadness, for they have all crossed the Great Divide. Though gone, their works follow them. They were men of unblemished character, strong men, men of ability, whose motto was what seems to have become the slogan of the day, "Safety first." Any institution under their charge was known to be trustworthy. When, almost a century ago, the Bank for Savings, the first Savings Bank of this State, opened its doors for business, it issued a circular announcing as its purpose the provision of a safe depository for the savings of the wage earners. The emphasis was on the "safe" as it is to-day. In conclusion, Mr. Mills said:

I remember as a school boy, the design on the certificates which were given us each month as a reward of merit. It pictured the graduate passing from the portals of the school and passing back the torch of knowledge to those coming after. Let us see to it that we keep the torch of safety and conservatism bright, so that when we pass on, we may pass it to our successors undimmed.

PRESIDENT OF UNION UNIVERSITY

The Rev. Charles Alexander Richmond, president of Union University, at the outset of his remarks, paid his respects to Superintendent Richards, expressing surprise that the latter should have advocated any such plan as the Government having nothing to do with the supervision of business. The speaker suggested that perhaps Mr. Richards meant to include all other government activities excepting his own.

Dr. Richmond said he disliked to hear any one talk about thrift and not include the Scotch. He had observed that the assemblage loudly applauded the message from Scotland. He had also noticed that very few objected to a little Scotch. (Laughter.) The speaker went on to say that it is not money, but the love of money, that is the root of all evil. Money stands as a bulwark against the fear and slavery of want, and besides, it stands for leisure and for education, for the care of the sick, for the fine arts, for music, and for all the refinements of life, none of which could be in existence at all if it were not for the fact that somebody had made large savings through a very considerable period of time. Dr. Richmond added:

I desire to say a few words about the savings that are represented as the real value lying behind all those pieces of paper you have in your vaults and which you call securities—the savings of a nation, without which these securities of ours would not be secure for a single moment. I mean liberty and the protection of life, a free government, a sense of nationality and the spirit of union, those things that represent the real value and stability of our nation. And I think you will all realize that all of these things have been the result of great sacrifices and great struggles. They have all been fought for, they have all been saved, and they have all been gained for us at very great cost. We accept them as part of our heritage, as something that has come to us and that we own, frequently forgetting that we hold them simply in trust to hand down unimpaired to our children, as our fathers handed them down to us.

So, when we are told of the vast deposits in the Savings Banks of the State and the nation, it is not the enormous amount of the depositors or the sums of money that impresses me—it is the self-

sacrifice, the self-restraint, the things these people have gone without, in the natural and honest pride they have taken in laying up this provision for their children; for these depositors—I believe I am right when I say it—most of these depositors are not thinking of themselves, but of their children, those who come after them.

Dr. Richmond quoted Abraham Lincoln's saying that "this country will live forever, unless it commits suicide," explaining that the eminent American meant our greatest dangers are not from without, but from within.

We have been careless almost to the point of idiocy in the matter of our outward defenses. We have behaved, and I think are behaving to-day, very much as a board of directors of one of your banks would behave if they should order down the bars from the windows, take out the currency and the gold, lay it out on the counters, and invite an astonished but delighted populace to come in and make themselves at home. That is very much the way we have acted.

No doubt, the world is full of very friendly, peaceable people, but I am afraid there are a few rogues still left. There are, as David Harum used to say, a few fleas left on the dog; and I have no doubt, if we used a fine tooth comb, we might still find a few robber barons who would like to take a bite or two out of our fine, fat carcass, if they had the chance.

But with all these possible dangers, the one I think the most pressing is the menace from within. I mean no criticism of the immigrants. I suppose we are all immigrants, excepting, possibly, the Lady of the White House, who is said to be descended from an Indian princess. All the rest of us are immigrants, but there are no doubt hundreds of thousands, and I believe there are millions of people in this country who are with us but not of us, people who have no stake whatever in this country, people who would not willingly give up a single dollar or a drop of blood in defense of this country.

I say we do not object to the immigrant, but what we have a right to demand is that he shall not remain an immigrant. (Applause.) I wonder if you realize that in the group of Middle Atlantic States to which New York belongs, of the adult men of voting age who have come to this country from abroad, only 38 per cent. are naturalized—about one in three; in other words, two out of three of these men own another flag than ours: their allegiance is not to the republic, but to a king. Now, whether they mean to be of us or not, we cannot tell, but I think the time is fully ripe when we have a right to press this question of old Joshua, who said, "Choose you this day whom you will serve."

I am told that the Bible Society, which was founded one hundred years ago last week, prints the Bible in ninety-one different languages and dialects for distribution in the United States. I do not know in how many languages you issue your pass books; I have no doubt they are good in any language, but in the great national institutions that represent our national wealth which I have been describing, there should be only one language, and no man's signature should be good unless it is the signature of a man whose heart is honestly and truly American. (Applause.) No man has the right to the protection of the Stars and Stripes who is not willing to give his best blood for its defense.

When I was trying to get something ready for this address, I felt as Robert Burns felt, in his letter to his young friend, when he said:

> "But how the subject theme may gang
> Let chance and time determine;
> Perhaps it may turn out a sang,
> Perhaps turn out a sermon."

Well, it has turned out a sermon. But, gentlemen, I know you feel as I do, that these are times when a man must think seriously. The whole world excepting ourselves, is at war and suffering desolation unspeakable and untold. We have escaped thus far. We have a certain superficial prosperity, but I cannot help feeling that it is not very well founded. There is a reckless feeling all over the country, there is a kind of gaiety, the city is full of pleasure seekers, and much money is spent. But thoughtful men are not deceived. I doubt very much whether we are going to escape without our trial, but how it may come and what it may be, no one knows. And yet, I believe the heart of America is sound. I believe that when the trial comes—and that is what savings are for—we shall find that which we have preserved through these hundred and more years, not only in money and property but also in patriotism, in love of country, and in love of liberty, will be found sufficient savings and resources to carry us through whatever trials may be upon us now, or whatever trials the future may bring.

JOSEPH A. LAWSON

Joseph A. Lawson, of Albany, New York, "set the table on a roar" for some time with a collection of his latest anecdotes. In his more serious moments, the speaker expressed some thoughts well worthy of consideration. Contradistinguishing between the Savings Banks and the banks of discount, he said he could not conceive of the latter sending out circulars and advertisements soliciting deposits of

one dollar and upward. It was the little man, financially, that the Savings Banks are helping to start the nucleus of a fortune. When the bank books came in, greasy and fingered, they represented what had been wrested out of the soil by the plain people from out of the hills, who spend their days in toil from sun to sun; the savings of the poor women on the East Side who are sewing their lives away. This was the touch of nature between them and the plain working people.

It is not your surplus, it is not the showing you can make to the public in your annual statement, it is not what you can show to my distinguished friend of the Banking Department, that you ought to be proud of. You ought to be proud of the fact that there exists between you and the mass of the people that touch of nature that makes you realize you are the conservators of their savings, that you are the people who are enabling them to put aside that which will guard, protect and shelter them in the rainy day that is to come. And that is what makes up the bulk of these great United States—not the multimillionaire, who drops out of life here and there with a hundred millions to his credit, and leaves a hole in the life of the community that can be found as readily as the hole that you find in your glass of water when you put your finger in it and draw it out. It is the millions and millions of plain people of these great United States, of which you are the conservators, and as you protect their deposits by time-locks and bolts and bars, so ought the government of this country protect their savings and their lives by an adequate and proper system of preparedness.

WILLIAM JENNINGS BRYAN

The Hon. William Jennings Bryan was the last speaker of the evening. He said that in looking over his speeches —and he had a very large collection—he had not been able to find any that exactly fitted this occasion. It was not his intention to make a speech on preparedness, but he would simply say he was not ashamed to believe in Christ's philosophy, that love is more potent than the terrorism of preparedness. "If experience is any guide," he added, "I know of nothing more certain to involve us in all the horrors of war than the following of the false philosophy that has brought Europe into this conflict, and making a national

policy of the discarded doctrine that preparedness preserves peace; for, unless there is some moral philosophy that applies to a nation and does not apply to an individual, then just as sure as pistol-toting among men promotes disorder instead of peace, so pistol-toting among nations will hasten and not retard war."

So far as thrift was concerned, he was able to heartily congratulate the bankers present upon the fact that they encouraged thrift; he also shared with them the feeling of contempt for the false pride that leads so many people to squander money to keep up appearances when they had better be honest with themselves and their creditors, live within their means and lay up money for the future. He declared for that essential honesty in the individual that teaches him no man can rightly collect from society except as he contributes to the welfare of society, and that no man is really honest at heart who desires to secure from society a single dollar without giving to society a dollar's worth of service in return.

I am glad to believe that we have made progress in the last twenty-five years, and as I look forward to the next twenty-five years I believe we are going to make more progress. I want you to understand that the virtue of this country is not confined to any one section, and I believe it would be well if we could bring together the people of the different sections, have them know each other, and have them realize that however much we may differ upon the surface issues that arise from time to time, that when we come to the great fundamentals upon which the strength of our nation is built, there is no essential difference among American citizens, no matter to what party they belong and no matter what section of the country they live in.

AMERICAN BANKERS ASSOCIATION CELEBRATES

A celebration of the one hundredth anniversary of the establishment of American Savings Banks was held in connection with the forty-seventh annual convention of the American Bankers Association, at Kansas City, Missouri, September 26, 1916.

E. L. Robinson, vice-president of the Eutaw Savings Bank, Baltimore, Maryland, delivered the "keynote" ad-

dress, which was entitled "One hundred years of Savings Banking." Professor Graham Taylor, head resident, Chicago Commons, and president of the School of Civics and Philanthropy, spoke on the subject of "The Social Aspect of Thrift," bringing to the attention of the convention the need of cultivating the thrift habit in a broader way.

George E. Allen's address on "Thrift and Human Nature" was a masterpiece of thrift literature.

Victor A. Lersner, chairman of the Savings Bank Centennial Committee and treasurer of the Williamsburgh Savings Bank, explained the purpose of the Centennial Thrift Campaign.

At the entertainment in celebration of the Centennial, held on the evening of Wednesday, September 27, in Convention Hall, there were in attendance approximately twelve thousand people. It is estimated that about eight thousand of these were depositors in Kansas City Savings Banks.

The official motion picture of the nation-wide thrift campaign—"The Dollar and the Law"—was shown. The entire affair is described as a brilliant success.

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